



CORPORATE RESPONSIBILITY  
REPORT 2008

# Building for the future

CREATING A SUSTAINABLE BUSINESS  
IN AN UNCERTAIN WORLD

LIFE INSURANCE | PENSIONS | INVESTMENTS



## About AEGON

Throughout their working lives and into retirement, millions of people around the world rely on AEGON to help them secure their long-term financial futures.

As an international life insurance, pension and investment company, AEGON has businesses in over twenty markets in the Americas, Europe and Asia. AEGON companies employ approximately 31,500 people and serve over 40 million customers across the globe.

AEGON uses its strength and expertise to create added value for customers, employees, shareholders and the wider community. AEGON does this by encouraging innovation and by growing its businesses profitably and sustainably.

AEGON's aim is to be a leading force in global financial services.

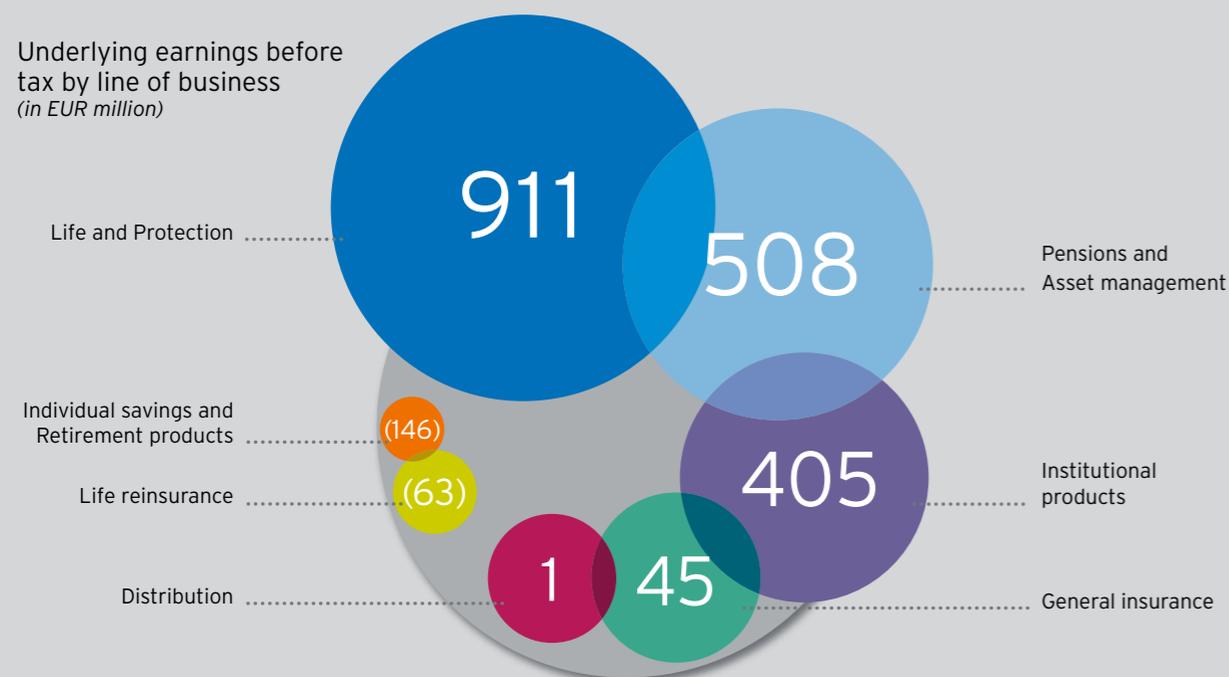


**25 YEARS A NAME...**  
over 150 years  
creating better futures.

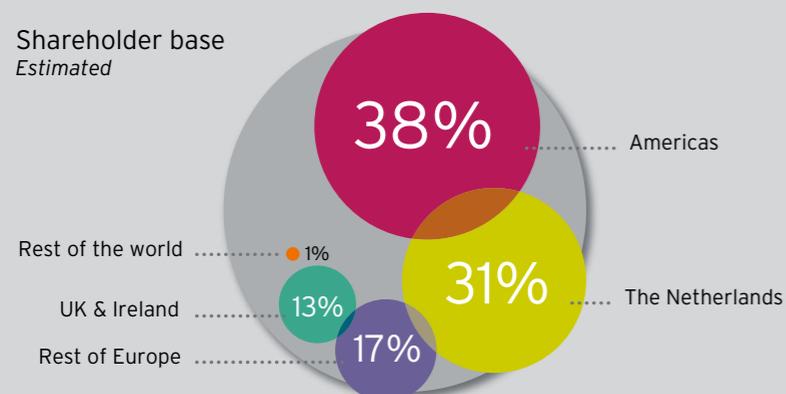
## At a glance

AEGON has businesses in more than 20 markets in the Americas, Europe and Asia, providing life insurance, pensions, savings and investment products for over 40 million policyholders around the world.

Underlying earnings before tax by line of business  
(in EUR million)



Shareholder base  
Estimated



In 2008, AEGON's earnings were severely affected by the global financial crisis. Underlying earnings before tax declined 40% to EUR 1.57 billion. During the year, AEGON remained committed to its short-term strategic objectives to lower risk, reduce cost and release additional capital from the company's existing businesses.

## AEGON around the world

**Americas** AEGON companies in the United States can trace their roots back to the mid-nineteenth century. Today, AEGON has businesses across the United States, as well as in Canada and Mexico. Transamerica is one of the best known names in the US financial services industry.

**The Netherlands** AEGON's history in the Netherlands goes back to the country's early burial funds, which rose to prominence more than 150 years ago. Today, AEGON The Netherlands is one of the country's largest providers of life insurance, pensions and long-term investment products.

**United Kingdom** AEGON UK is a leading provider of life insurance and pensions and also has a strong presence in both the asset management and financial advice market.

**Other countries** In the past few years, AEGON has significantly expanded its international presence outside its three established markets. In particular, AEGON has seen strong growth in its business in Central & Eastern Europe, as well as in Asia.



## Highlights

Excess capital

2.9 billion

At the end of 2008, AEGON had an excess capital of EUR 2.9 billion over and above AA-capital adequacy requirements.

Revenue-generating investments

332 billion

AEGON manages EUR 332 billion in revenue-generating investments - EUR 105 billion on behalf of policyholders.

Fixed annuities

+254%

Fixed annuity deposits rose 254% in 2008 to just over EUR 4 billion compared to 2007.

Value of new business

837 million

AEGON generated EUR 837 million in new business in 2008 - an important indicator of the company's future profitability.

# Contents

- 2 Highlights 2008
- 3 Letter from the CEO

## 1 WHO WE ARE AND WHAT WE DO

- 4 Our role in the global economy
- 5 Our businesses
- 6 The global financial crisis
- 7 AEGON's financial performance in 2008

## 2 OUR APPROACH TO SUSTAINABILITY

- 8 Decision making
- 9 Scope of the report
- 9 Progress report 2008
- 10 AEGON's objectives for 2009
- 11 AEGON's Stakeholder Panel

## 3 OUR CUSTOMERS

- 12 Products
- 13 Helping customers on low incomes
- 13 Customer satisfaction
- 14 Minimum standards for intermediaries
- 14 Customer complaints
- 15 Modifying product specifications
- 15 Absent policyholders
- 16 Brand awareness
- 17 Financial literacy
- 18 Distribution

## 4 OUR SHAREHOLDERS

- 19 Financial communication
- 20 Share price
- 21 Dividend policy
- 21 Managing risk
- 24 Corporate governance
- 25 Investing responsibly: AEGON as a shareholder

## 5 OUR EMPLOYEES

- 28 Employee turnover
- 29 Recruitment, training and performance appraisals
- 30 Non-discrimination
- 30 Employment costs
- 30 Salary structures
- 32 Pension arrangements and other benefits
- 32 Absentee rates
- 32 Work-related injuries
- 32 Employee satisfaction
- 32 AEGON's Code of Conduct
- 33 AEGON's 'In Practice' program

## 6 OUR BUSINESS PARTNERS

- 34 Selection of suppliers
- 34 Stakeholder groups
- 35 Government and regulators
- 35 Tax payments
- 35 Tackling corruption

## 7 THE WIDER COMMUNITY

- 36 Protecting the environment
- 39 Corporate philanthropy

## ECONOMIC, SOCIAL AND ENVIRONMENTAL INDICATORS

- 40 Economic, social and environmental indicators

## APPENDICES

- 42 Appendix I-IV
- 47 Global Reporting Initiatives Index
- 52 Contact information

# Highlights 2008

## February

- AEGON takes first steps in Turkey, announcing acquisition of life insurer Ankara Emeklilik.

## April

- AEGON extends presence in China, opening new branch offices in the eastern coastal province of Guangdong.
- AEGON finalizes joint venture with Industrial Securities, one of China's leading asset management firms.
- Alex Wynaendts takes over as CEO from Don Shepard, who retires at AEGON's shareholders' meeting.

## June

- Marco Keim starts as CEO of AEGON's operations in the Netherlands.
- CEO Alex Wynaendts unveils new strategy, designed to increase earnings, improve returns and make better use of the Group's international resources.
- AEGON Hungary further strengthens position by merging its pension fund with UNIQA & Public Service Pension Fund.

## July

- AEGON kicks off sponsorship deal with Dutch club Ajax, one of the best known names in world soccer.
- AEGON launches new life insurance business in India.
- AEGON agrees new global partnership with international humanitarian organization Right To Play.
- AEGON adds EUR 315 million to core capital through innovative securitization transaction in the United Kingdom.

## August

- AEGON agrees new joint venture with savings bank Caixa Terrassa, further extending distribution in Spain.

## September

- Following recommendations from the Dutch 'Ombudsman' for Financial Services, AEGON announces it will reduce costs of unit-linked insurance policies sold in the Netherlands.
- AEGON signs five-year contract to sponsor the British Lawn Tennis Association, starting in 2009.

## October

- AEGON signs joint venture with Mongeral, Brazil's sixth largest independent life insurer.
- AEGON secures EUR 3 billion in additional core capital from main shareholder Vereniging AEGON, funded by the Dutch State as part of a broader program of support for financial services companies operating in the Netherlands.

## November

- AEGON outlines short-term strategy to address financial crisis, promising measures to reduce risk, free up more capital and keep a tight lid on operating costs (the three C's: Capital, Cost, Contingency).
- AEGON The Netherlands' CEO Marco Keim presents new business plan for the company's Dutch businesses, setting out measures to expand distribution and improve profitability.

## December

- AEGON finalizes acquisition of Polish pension fund company PTE Skarbiec Emerytura.

AEGON has businesses in more than twenty countries around the world. This Corporate Responsibility Report – AEGON's sixth – covers all the company's operations in the Americas, Europe and Asia and is based on the Global Reporting Initiative's G3 guidelines for measuring CSR performance.

# Letter from the CEO

Dear Stakeholder,

This past year has been an extremely challenging one, both for AEGON and the insurance industry as a whole. The global financial crisis has significantly changed the landscape for financial services companies internationally.

As such, customers more than ever need to know that the companies they rely on to safeguard their financial needs will be there in the long term, that the products and services they provide will be simple and easy to understand, and also that those same companies are committed to using their resources in responsible and ethical ways.

This Corporate Responsibility Report - AEGON's sixth to date - details the policies and initiatives we are taking to safeguard the trust and confidence of our many stakeholders now and long into the future.

These days, companies are no longer judged by their financial performance alone. Increasingly, issues pertaining to the environment, employee working conditions, corporate transparency, human rights, and investment practices also determine the reputation of a company, as well as its future prospects. Customers, employees, business partners and shareholders alike have a right to expect the highest standards in corporate governance and responsible community engagement.

Despite the effects of the financial crisis, business has never been more influential in affecting the economic and social conditions of people and communities. With this influence, of course, comes responsibility. That is why AEGON, as an international company, is supporting efforts to improve standards of financial literacy in its main markets. We want to ensure that people have the information and knowledge they need to make the right decisions for themselves and their families, particularly in today's complex and turbulent economic environment. That is why we are also implementing new company-wide principles for investment - so that people can be sure that AEGON's investments reflect not only financial considerations, but also our commitment to protecting the environment and upholding internationally-recognized human rights. It is also why we are introducing new initiatives to reduce AEGON's carbon footprint, and why we continue to support the fight against diseases such as Alzheimer's and cancer internationally.

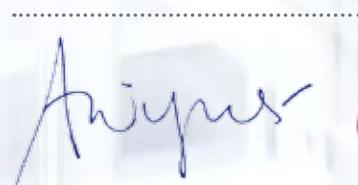
The insurance industry plays a vital role in the global economy - a role that is likely to expand in the coming years, particularly as populations age and governments shift more responsibility for pension funding to the private sector. Millions of people in more than twenty markets around the world rely on AEGON to protect and secure their standard of living, especially after retirement.

During the past year, we made further progress in advancing AEGON's corporate responsibility practices in the Americas, Europe and Asia. At the same time, we recognize that there is much more to be done - something made even more urgent with the global financial crisis.

We welcome this opportunity to reassert AEGON's commitment to making a valuable contribution to the people and communities we serve, while pursuing a profitable and sustainable business for the benefit of all our stakeholders.

Thank you for your continued interest in AEGON.

Sincerely,

.....  


Alexander R. Wynaendts  
Chairman of the Executive  
Board and CEO

.....



# Who We Are And What We Do

## AEGON: an international provider of life insurance, pensions and investments

AEGON was formed in 1983 - the result of a merger between two Dutch insurers, AGO and Ennia. But the company can trace its roots back much further - to the middle of the nineteenth century when its predecessors provided burial funds to customers in the Netherlands. Today, AEGON is an international business, providing life insurance, pensions and other long-term savings and investment products to millions of customers around the world. The company has major operations in the United States, the Netherlands and the United Kingdom, as well as other businesses in Asia, the Americas and elsewhere in Europe. With more than EUR 330 billion in revenue-generating investments at the end of 2008, AEGON companies employ approximately 31,500 people worldwide, serving some 40 million policyholders in over twenty countries across the globe.

## Our role in the global economy

AEGON believes that the insurance industry has a vital economic and social role to play, protecting living standards and helping ensure the long-term viability of pension systems around the world. In many countries, people are living longer, healthier lives. Workforces available to fund national pension systems are shrinking and governments are increasingly shifting responsibility for retirement financing to the individual and the private sector. In addition, longer life expectancy means that people are spending more time in retirement than ever before. As a result, for people in many countries, priorities are changing. Simply saving for retirement is

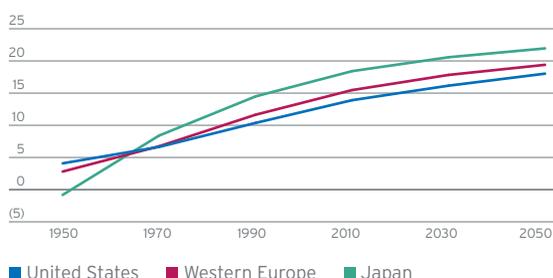
no longer enough. Of equal concern now is how to manage those savings to meet the costs of old age and ensure a proper standard of living after 65.

In many countries, over-65s make up an increasingly significant part of the overall population. By 2050, according to the latest estimates from the United Nations, one in five Americans will be over the age of 65. In Western Europe, the figure is higher - more than one in four - while in Japan, by the middle of this century, over-65s will have reached close to 40% of the total population.

The phenomenon of aging populations is not confined to the world's developed economies. Estimates by the United Nations show that in China, for example, by 2050, almost 334 million people will be over the age of 65: more than the entire current population of the United States. In many emerging countries, recent economic growth has led to a rise in personal wealth and increasing demand for life insurance, private pensions and long-term investment products. In these countries, change has often been rapid. In India, where the population is still relatively young, the urban middle class has been expanding at a phenomenal rate. By 2010 according to a recent study by PriceWaterhouseCoopers<sup>1</sup>, it could number more than 500 million people. In Central & Eastern Europe, since the collapse of communism, countries have pushed through ambitious economic reform programs. Over the next seven years, mandatory private pensions in the region are expected to attract some EUR 200 billion in investments<sup>2</sup>.

## Life expectancy after the age of 65

Source: United Nations World Population Prospects



<sup>1</sup> PriceWaterhouseCoopers: 'Entering the Indian Financial Services Market'.

<sup>2</sup> Allianz: 'Pensions in Central & Eastern Europe'.

**Our businesses**

**The Americas**

Through subsidiaries such as Transamerica, Monumental Life and Western Reserve Life, AEGON has more than 29 million customers in the United States, as well as operations in both Canada and Mexico.

**Europe**

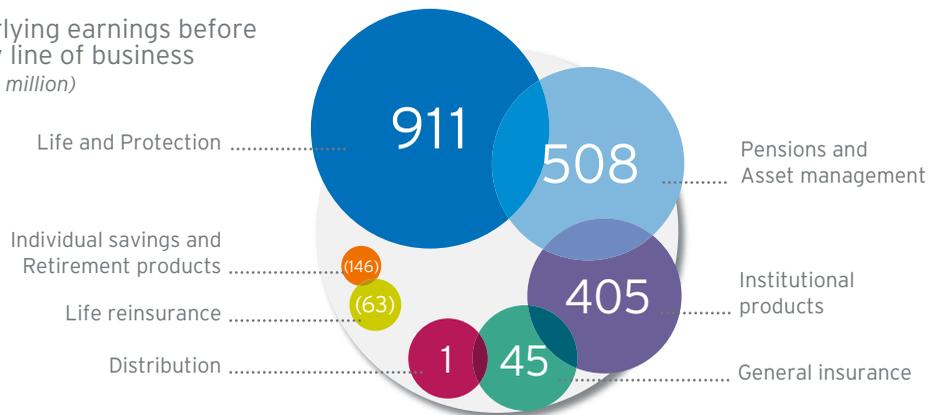
AEGON is one of the leading providers of life insurance, pensions and long-term investments in both the Netherlands and the United Kingdom. In recent years, the company has also built businesses in Central & Eastern Europe, Spain and France.

**Asia**

AEGON first entered the Asian market in the early 1990s. Today, the company has operations in Taiwan, China, and India. Last year saw the launch of AEGON's new life insurance activities in India.



Underlying earnings before tax by line of business  
(in EUR million)



“There's no doubt that 2008 was a difficult year, not only for AEGON, but for the entire financial services industry. But I'm confident we are taking the right steps to deal with the crisis. We reduced our risk and we freed up capital from our existing businesses.

Even so, 2009 will inevitably be a difficult year as well. All signs suggest we're already in a deep economic recession. These uncertainties mean that liquidity and capital management will continue to be a high priority in the next year or two.

Today's economic climate means that people have begun to think differently about their financial decisions and the steps they need to take to safeguard their futures. Customers, for example, are already more sensitive to risk now than they were six months ago. They will want products that offer guarantees - products that, in an uncertain environment, will help them secure their long-term financial futures, products that are core to AEGON's business and expertise.

Over the past several months, we've had to make some difficult choices. Among other things, we've introduced a program of cost reductions in the United States, the Netherlands and the United Kingdom that will save us at least EUR 150 million in 2009. Cutting costs is never easy, but it's something we have to do. In addition, measures to release capital and reduce risk will continue throughout 2009. For a company like AEGON, there are opportunities opening up because of the financial crisis - and these measures, by strengthening our financial position, will help ensure we're able to capitalize on them.”

**Jos Streppel**  
CFO and member  
Executive Board

### **The global financial crisis**

In the second half of 2008, the global financial crisis led to a significant change in the business environment both for AEGON and for the insurance industry as a whole<sup>1</sup>.

- There was a considerable deterioration in overall economic conditions, with many of the world's leading economies entering recession;
- Financial markets became increasingly unpredictable and volatile;
- Bond and equity values fell significantly;
- Interest rates also declined;
- Public trust in financial services companies weakened, while customers began to demand more products with guaranteed income;
- Regulators and rating agencies took a more conservative stance with regard to capital and solvency requirements.

Even before the crisis, AEGON had taken a number of steps designed to position itself for a possible economic downturn. These steps included:

- Reducing the company's exposure to equity markets;
- Structuring its investment portfolio more defensively;
- Extending its hedging program and taking on more reinsurance;
- Lowering financial guarantees on certain products;
- Adopting a more integrated, international approach to risk management.

These steps helped strengthen AEGON's capital and liquidity position in the years immediately prior to the financial crisis. The crisis itself, however, proved more severe than anticipated. To counter its effects, AEGON took further action in the second half of 2008. These measures were aimed primarily at:

- Further lowering risk and releasing capital from existing businesses;
- Reducing operating expenses;
- Developing contingency plans to protect the company against further declines in world financial markets.

During the second half of 2008, AEGON made considerable progress toward these shorter-term priorities.

- A total of EUR 1.7 billion in capital was released from the company's existing businesses, mainly by reducing risk, taking on additional reinsurance and preserving existing capital. A further EUR 1.5 billion is expected to be released in 2009 through similar measures;

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<sup>1</sup> For further details on AEGON's response to the global financial crisis, please refer to the Annual Report 2008, available on the company's website ([www.aegon.com](http://www.aegon.com)).

- AEGON initiated a cost program, aimed at reducing operating expenses in 2009 by EUR 150 million. These savings will be achieved mainly by restructuring businesses in the United States, the Netherlands and the United Kingdom;
- In October 2008, AEGON also secured an additional EUR 3 billion in core capital from its leading shareholder Vereniging AEGON. This capital was funded by the Dutch State as part of its program to support healthy and viable financial services companies in the Netherlands during the financial crisis.

Throughout this period of increased economic uncertainty and unprecedented market volatility, AEGON continued to fulfill its obligations to customers and policyholders.

AEGON expects difficult market conditions to continue in 2009. As a result, measures designed to reduce risk, free up additional capital and lower operating expenses will remain a significant priority for the company.

AEGON has also worked throughout the crisis to retain the trust and confidence of its customers and shareholders by maintaining open and transparent financial communication and by continuing to provide a range of products and services suited to changing economic circumstances. During the second half of the year, AEGON's business and country units took a number of initiatives aimed at explaining to customers, investors and employees both the effects of the financial crisis and the steps the company was taking to deal with its effects. AEGON The Netherlands, for example, published basic 'Questions & Answers' on its website, while AEGON's corporate site featured a number of interviews with senior executives and more general articles on the crisis.

#### **AEGON's financial performance in 2008**

AEGON's earnings in 2008 were significantly affected by the turmoil in world financial markets. The company reported a net loss for the year of EUR 1.1 billion. Earnings were impacted by declines in bond and equity values, as well as an increase in impairments and an unprecedented widening in credit spreads. AEGON's underlying earnings before tax declined 40% to EUR 1.6 billion. New life sales, meanwhile, were 20% lower at EUR 2.6 billion - a reflection of adverse currency movements and the impact of increased market volatility, particularly on sales of unit-linked products and bank-owned and corporate-owned life insurance in the United States. Total gross deposits were 8% lower at EUR 40.8 billion, with lower sales of variable annuities, savings products, pensions and asset management more than offsetting strong sales of fixed annuities in the United States.

Further details on AEGON's financial performance in 2008 may be found in the Annual Report 2008, available on the corporate website ([www.aegon.com](http://www.aegon.com)).

# Our Approach to Sustainability

In its approach to sustainability and corporate responsibility, AEGON places great importance on local knowledge and local decision-making.

## **AEGON's Statement of Principles**

As a global company, AEGON has global responsibilities. We believe that business success is not incompatible with respect for the environment, human rights and the broader communities in which we operate. Indeed, we recognize that creating a sustainable business means taking into account the interests of all our stakeholders – customers, employees, business partners and shareholders. We also believe we can make a valuable contribution to the communities in which we operate not only as a provider of long-term financial products and services, but also as a responsible employer and investor. We will pursue our objectives through sound business principles based on our core values of Respect, Quality, Transparency and Trust.

Country and business units are encouraged to focus on issues specific to their local situations. AEGON does, however, set out a number of basic principles, which apply to all country and business units. This approach ensures that these common principles become an integral part of AEGON's business activities, wherever those activities are located. These principles are contained in AEGON's Code of Conduct.

- AEGON endeavors to provide products and services that are transparent and easy to understand, helping customers secure their long-term financial futures;
- AEGON acts as a responsible employer, providing the conditions, incentives and formal training its employees require for personal success;
- AEGON takes measures to help reduce the impact of its business operations on the environment, seeking to limit energy use and curb unnecessary waste;
- AEGON recognizes its position as a leading investor and strives to ensure that its investment decisions take into account not only the need for profit but also the interests of all legitimate stakeholders and the wider communities in which the company operates;
- AEGON endeavors always to provide clear, accurate, timely and transparent information so that investors, customers and other stakeholders can make the right financial decisions for themselves and their families.

## **Decision making**

Each of AEGON's country and business units has its own Corporate Responsibility (CR) executive, responsible for:

- Implementing all corporate responsibility policies and initiatives;
- Ensuring compliance with AEGON's Code of Conduct;
- Developing local corporate responsibility policies and monitoring local activities;
- Collating all relevant data on corporate responsibility issues;
- Reporting all progress to AEGON's CR team, based at the company's head office in The Hague, the Netherlands.

Typically, individual CR executives manage CR activities alongside other professional responsibilities. These activities are therefore reflected in the CR executive's job performance targets and are a factor in determining individual performance-related remuneration.

AEGON's CR team is part of the company's Group Corporate Communications department. Senior Vice-President Group Corporate Communications, Gregory W. Tucker, oversees all corporate responsibility initiatives. In matters relating to corporate responsibility,

Mr. Tucker reports directly to Marco Keim, the member of AEGON's Management Board responsible for CR issues. Questions of CR strategy and policy are subject to approval by AEGON's Executive Board.

**The scope of this report**

Over the past few years, AEGON has taken a number of steps aimed at improving the quality and scope of information used in its Corporate Responsibility Report. These steps included the introduction in 2007 of an online data gathering and verification system. This 2008 report covers AEGON's operations in thirteen countries: Canada, China, the Czech Republic, Hungary, India,

the Netherlands, Poland, Romania, Slovakia, Spain, Taiwan, the United Kingdom and the United States. Unless otherwise stated, all figures refer to 100% of AEGON's global workforce. For further information, please see Appendix I at the back of this report.

**Progress report 2008**

AEGON has made important progress with its objectives for 2008. In some areas, however, that progress was not as substantial as expected, due in part to the impact of the global financial crisis during the second half of the year (see table below).

Objective	Status	Progress
Establish company-wide corporate responsibility standards for suppliers in all major procurement centers.	■	Proposals for company-wide minimum standards have been drafted. However, progress has been slower than expected. Further work will take place in 2009 to finalize and implement these proposals.
Examine the possibility of a new globally coordinated action plan to reduce energy consumption.	■	Alongside recent initiatives in the United States and Canada, AEGON has decided to establish a global 'Green Team' with members from its main country units to exchange ideas on initiatives to reduce consumption of electricity, gas, paper and water.
Begin work on a trackable baseline index to measure overall rates of customer satisfaction for AEGON companies worldwide.	■	AEGON continues to measure customer satisfaction on a country or business unit level. However, work on a company-wide index has now been discontinued. Products and services offered by AEGON companies differ widely, and it was decided that a single index would not give an accurate or reliable impression of overall customer satisfaction. AEGON does centralize and report data on customer satisfaction from country units representing approximately 46% of the company's business (please see page 13).
Launch a global employee satisfaction survey as part of efforts to improve the working environment for company staff.	■	Work on the global employee satisfaction survey has taken longer than expected. However, AEGON now plans to launch the survey toward the end of 2009 or early 2010.
Decide whether to introduce external assurance for AEGON's CR Report.	■	AEGON organized its first-ever external Stakeholder Panel in October 2008 to assess the content and relevance of the company's CR Report (see page 11). In addition, AEGON is also examining the possibility of introducing limited external assurance covering the company's investment policies and international commitments.
Further expand the company's employee education and training programs.	■	AEGON has updated its Code of Conduct to bring it into line with recent changes to industry regulations and the overall business climate. AEGON also introduced a Global Ethics Line for employees and a new E-learning course on insider dealing. In 2009, employees will also take part in a revised E-learning program on the company's updated Code of Conduct.

■ In progress. ■ Work has been completed or the objective will be achieved by other means.

## AEGON's objectives for 2009

- Establish a global 'Green Team' to develop a company-wide resource management program;
- Introduce limited external assurance covering AEGON's investment policy and international commitments<sup>1</sup>;
- Develop company-wide principles for investment, based on existing international commitments<sup>1</sup>;
- Collate and publish details of AEGON's voting record as a shareholder in other companies.

## How AEGON ranked in 2008

Rating agency	2008	2007
Dow Jones Sustainability Index	Included	Included
FTSE4Good	Included	Included
Oekom	C Prime	C Prime
SiRi	Industry leader (see below)	8th
Vigeo	Listed in the Advanced Sustainable Performance Index (ASPI)	Not listed



AEGON has been included in the *Dow Jones Sustainability Index (DJSI)* for the past nine years. The DJSI includes only those companies ranked in the top 10% for corporate sustainability purposes. The rating is based on independent research carried out by SAM, an asset management company specializing in sustainable investments.

AEGON was again included in the *FTSE4Good Global Index* in 2008. This index measures the performance of leading companies against recognized corporate responsibility standards. FTSE4Good works closely with Eiris - the Ethical Investment Research Service.

Based in Munich, *Oekom Research AG* is an independent rating agency, providing in-depth information and analysis of companies' environmental and social performance. Please note that Oekom publishes its research every two years. AEGON was last rated in 2007. According to Oekom's own estimate, C Prime equates to 'Medium'.

*SiRi* - the Sustainability Investment Research International Company - has been comparing the corporate responsibility performances of Dutch-listed companies to their international peers for the past nine years. SiRi comprises eleven specialist Socially Responsible Investment research organizations based in Europe, North America and Australia, covering more than 2,100 listed companies. SiRi provides independent research to institutional investors and other financial professionals. SiRi did not carry out a ranking survey in 2008, but considers AEGON a leader in its industry and one of the ten best performing insurance companies worldwide.

*Vigeo* supplies research and analysis on companies' corporate and social responsibility performances to asset managers across Europe. Its ASPI index comprises 120 companies across all sectors of the economy.

<sup>1</sup> For details of AEGON's international commitments, please see page 27.

# AEGON's Stakeholder Panel

In October 2008, AEGON set up its first-ever external Stakeholder Panel to assess the content and relevance of the company's Corporate Responsibility Report.

A number of leading stakeholders were invited to give their opinions on various aspects of the 2007 report.

The objectives of AEGON's Stakeholder Panel are:

- To involve stakeholders more closely in AEGON's CR reporting process;
- To strengthen external assurance with regard to the annual Corporate Responsibility Report;
- To improve the overall quality of the company's CR reporting;
- To ensure that AEGON's CR reporting remains relevant to the company's stakeholders.

AEGON's 2008 Stakeholder Panel comprised nine members, including trade union and employee representatives, shareholders, competitors and non-governmental organizations. AEGON will assess all suggestions made by members of the Stakeholder Panel and, where possible, incorporate them into the company's reporting process.

Panel recommendation	AEGON's response
Give a clear overview of CR targets and goals	This report includes a list of objectives for 2009. AEGON is, separately, working on a set of clearer environmental goals, which the company hopes will be finalized in the coming year.
Report on specific business dilemmas	This is a developing area in corporate responsibility practice. AEGON does not currently report on business dilemmas as such. AEGON will, however, consider this approach to corporate responsibility reporting as part of preparatory work for the company's 2009 report.
Communicate more about investment and engagement policy	Details of AEGON's international commitments may be found on page 27 of this report. AEGON will also begin work in 2009 on new company-wide principles for investment, which will help make communication with investors and stakeholders clearer and simpler.
Discuss implications of financial crisis	A section on the financial crisis has been included on page 6 of this report. This section provides details on how the crisis has changed the business environment for AEGON as well as the measures the company has taken to counter the effects of the crisis.

# Our Customers



AEGON serves approximately 40 million customers worldwide. More than 83% of these customers are located in one or other of the company's main markets - the United States, the Netherlands or the United Kingdom. AEGON also serves a growing number of customers in new, emerging markets, particularly in Asia and Central & Eastern Europe.

## Products

AEGON provides a variety of products and services to individuals, corporations and institutions. Most of these products and services fall into one of the following three categories:

- Life and Protection;
- Pensions;
- Long-term savings and investment products.

In some countries, however, AEGON does supply other products, including general insurance, property and casualty insurance, reinsurance and banking services.

In 2008, AEGON paid out a total of EUR 17.3 billion in claims and benefits, down from EUR 17.9 billion the previous year<sup>1</sup>.

AEGON is committed to providing financial products and services that are clear, transparent and as easy to understand as possible. This principle is contained in AEGON's Code of Conduct, which applies to all employees around the world. Naturally, AEGON companies are also expected to comply with national legislation in this area, as well as other voluntary industry standards. In addition, AEGON takes initiatives at a country unit level to ensure the continued transparency of its financial products, particularly important during a time of economic stress and uncertainty.

AEGON companies operate a 'Know Your Customer' principle. This helps ensure customers get the right financial advice and are offered products tailored to their individual requirements. The policy also enables AEGON to detect errors and anomalies more quickly and helps in the fight against fraud and money laundering.

<sup>1</sup> Please note that these figures exclude gains or losses on separate accounts and investment funds. In its previous Corporate Responsibility Report, AEGON gave a figure for claims and benefits in 2007 of EUR 21.1 billion. This number, however, is inclusive of gains or losses on separate accounts and investment funds.

### Helping customers on low incomes

Like many other insurance companies, AEGON country units have contractual measures in place to help those customers who find themselves on low incomes and, often through no fault of their own, are unable to maintain premium payments. These measures include introducing lower premium payments, grace periods, contribution breaks and loans or, in some cases, reducing the coverage offered by a particular policy. In the United States, for example, there are provisions in place to help customers serving in the military overseas. In addition, US state regulators require grace periods be extended for those affected by natural disasters, such as hurricanes.

In addition, some AEGON companies offer products and services aimed at customers on low incomes:

- In 2008, AEGON Poland launched a new regular premium product priced at a minimum 100 zlotys a year, the equivalent of just EUR 40.00;
- In Hungary, there are plans to expand the availability of low-cost insurance policies to those hardest hit by the financial crisis. In the fourth quarter of 2008, AEGON Hungary introduced a new life insurance policy that gave customers the option of suspending premium payments for up to six months;
- In the United States, Transamerica Insurance & Investment Group enhanced its term product portfolio with a feature allowing policyholders to purchase guaranteed monthly income replacement, instead of the traditional lump sum death benefit. Policy owners can now buy term life insurance according to their own personal requirements – with a lump sum death benefit, monthly income replacement or a combination of both. The sales software calculates the required coverage and premium based on the policy owner's preferences.

### Customer satisfaction

AEGON has a long-term strategy designed to improve levels of customer satisfaction. This strategy is based on four main goals:

- To improve the quality and transparency of the company's products and services;
- To use distribution means that allow customers to access products in a way that suits them;
- To deal efficiently and effectively with all customer complaints;
- To help strengthen the financial literacy of those buying AEGON's products and services.

AEGON country and business units regularly measure and monitor customer satisfaction. In addition, most have a separate department dedicated to dealing with customer complaints. In 2008, AEGON UK introduced a new Customer Experience Tracker to monitor customer satisfaction and help improve levels of customer service.

### Getting the message across

AEGON The Netherlands last year put nearly 1,200 of its employees through a jargon-busting course, designed to teach them to use clear and straightforward language when writing to customers. "The financial services business is well known for writing letters that are incomprehensible to most customers," says Christine Huijser from AEGON The Netherlands' Communications department. "So we started a project to improve our writing and even came up with a manual with tips on how to make our letters easier to understand. I think employees are now more aware of the importance of clear and intelligible communications."

### Life insurance for just ten euros a year

Two years ago, Seguros Argos set up a special department to develop life insurance products specifically aimed at helping those on the lowest incomes. Today, AEGON's partner in Mexico has more than 300,000 'micro-insurance' customers, each paying an average of 200 pesos a year, equivalent to just EUR 10.00. Working alongside the International Labor Organization and the Inter-American Development Bank, Seguros Argos' aim is to increase the number of 'micro-insurance' customers to five million by 2012. Despite recent economic growth, Mexico still has more than 70 million people – almost 70% of the overall population – living on less than 30,000 pesos, or around EUR 1,560.00 a year<sup>1</sup>. Most of these people traditionally had little or no access to conventional life insurance products.

<sup>1</sup> Source: World Resources Institute.

### Customers: our basic principles

- We treat our customers fairly;
- We provide clear, transparent and financially sound products and services that meet our customers' evolving long-term needs;
- We seek to build long-term relationships with our customers;
- We strive to provide customers with the information they need to make the right financial decisions for themselves and their families;
- We also support financial education initiatives and strive to promote a better understanding of the financial services industry;
- We strive to deal with business partners who share our core values;
- We are committed to fair competition;
- We recognize the importance of confidentiality and take measures to keep confidential the personal information relating to our customers, employees, business partners and shareholders.

Overall, customer satisfaction levels at AEGON operating units outside the United States fell by approximately 6%<sup>1</sup> in 2008, due in part to the introduction of a different system for measuring customer satisfaction in the United Kingdom.

### Minimum standards for intermediaries

AEGON country units have systems in place to ensure that brokers and other intermediaries act in accordance with the company's codes and minimum standards. In the United States, for example, AEGON is a founding member of the Insurance Marketplace Standards Association (IMSA), which sets out rules and minimum standards for advertising, sales practices and service levels. In Hungary and Canada, intermediaries are required to sign a Code of Ethics before joining the sales network.

### Customer complaints

Dealing with complaints efficiently and openly is an important part of overall customer satisfaction. All AEGON country units have formal procedures in place for handling complaints. AEGON regularly conducts surveys to identify specific areas where the company is not meeting customer requirements. These surveys play a significant role in helping AEGON improve the quality of its products and services. At the end of 2007, AEGON began tracking customer complaints as a key risk indicator. In 2008, the number of complaints received, both written and oral, totaled 86,196<sup>2</sup> - the equivalent of just 0.2% of the company's total number of policyholders worldwide.

### Mis-selling

During 2008, AEGON received a number of complaints regarding the mis-selling of its products and services. Where justified, the company took steps to address these complaints as quickly and efficiently as possible. In some cases, action was taken against the salesmen, agents or brokers involved. In others, measures were adopted to strengthen the sales process or modify existing products and services.

In September 2008, AEGON took further steps to reduce charges associated with unit-linked insurance policies sold in the Netherlands in line with industry-wide recommendations from the country's Ombudsman for Financial Services. These recommendations followed complaints from customers. In recent years, AEGON has made substantial improvements to these products. In 2005 and 2006, AEGON revised its entire portfolio of unit-linked policies, reducing charges to customers retrospectively and re-investing the difference.

<sup>1</sup> This figure is based on 46% of AEGON's businesses, as measured by revenue in 2008. It excludes the United States, where AEGON's operating companies measure customer satisfaction separately. Country units were asked to indicate overall 2008 customer satisfaction levels on a scale of 0 to 100. The weighted averages of these scores, based on seven country units (China, the Czech Republic, Hungary, the Netherlands, Slovakia, Spain and the United Kingdom) was 75, down from 80 in 2007. Figures for customer satisfaction in 2008 include data for the first time from AEGON The Netherlands' subsidiaries Nedasco and the Uniobee Meeüs Groep.

<sup>2</sup> This figure covers AEGON's businesses in Canada, China, Hungary, the Netherlands, Poland, Spain, Taiwan, the United Kingdom, the United States and the holding company - 99% of the company's total revenues.

More than three-quarters of AEGON's unit-linked insurance customers had already benefited from these improvements before 2008. In all, AEGON estimates the total cost of these reductions and improvements at approximately EUR 520 million. The company's unit-linked portfolio in the Netherlands consists of some 1.3 million policies, of which around half have a guaranteed minimum return.

AEGON paid no fines in 2008.

#### Modifying product specifications

AEGON regularly reviews products marketed and developed in former years and, if necessary, will modify product specifications as well as processes and distribution. In 2008, some AEGON country units also took steps to respond to the demand among customers for greater guarantees because of the financial crisis, and quicker, timelier information:

- AEGON Hungary launched a new series of single premium products offering minimum guaranteed returns. It also introduced a more flexible system of medical examinations for customers of its health insurance products;
- In the Czech Republic, AEGON restructured its investment portfolio and introduced a new rating from the independent research firm Morningstar;
- AEGON Canada took action to speed up the flow of information to customers of the company's investment products, including segregated funds, mutual funds and annuities. The company is also reimbursing policyholders who were found to have paid too much in management fees in 2008;
- The Unirobe Meeùs Groep, AEGON's Dutch distribution arm, introduced a new Customer Contact Center providing round-the-clock information to clients;
- Western Reserve Life in the United States introduced additional disclosure forms for some of its variable annuity and universal life products, helping ensure customers fully understand the investments they're making.

In 2008, AEGON The Netherlands was among the first companies to remove automatic commissions for brokers from one of its products following new rules on bonus payments from the Dutch government. AEGON The Netherlands' new '*Verzekeren en Beleggen*' product specifically excludes inducement commissions for brokers or intermediaries.

#### Absent policyholders

Every year a number of policyholders fail to receive their full entitlements, often because they have forgotten to update their contact information. AEGON is committed to tracing all legitimate beneficiaries.

#### Civic banking in Spain

Caja Navarra, one of AEGON's distribution partners, is the only bank in Spain to donate a significant percentage of its annual profits - approximately 30% - to charities and other community projects. The customer is the center of Caja Navarra's business model. Under its '*You Choose. You Decide*' program, the bank calculates the revenues it earns on each customer's business. The customer can then decide how much of the profit should be re-invested in social and community projects.

### Help for diabetes sufferers

In 2008, AEGON Czech Republic became the first company in Europe to launch a life insurance policy with supplementary cover specifically for diabetes sufferers. The new policy gives diabetics the chance to insure against death and four serious illnesses prevalent among diabetes sufferers: apoplexy, blindness, renal failure and foot amputation. Until now, the more than 700,000 people in the Czech Republic who suffer from diabetes have had little or no access to life insurance.

AEGON estimates that 2.3% of first-time pensioners did not receive payments due to them in 2008 because they had not updated their contact information, an improvement from 3.0% in 2007. Inevitably, some customers cannot be traced. In the United States, the Netherlands and the United Kingdom - the company's three main markets - AEGON takes steps to ensure that benefits and entitlements due to these customers remain accessible for as long as possible.

- In the United States, which has the highest number of such customers, all benefits remain in policyholders' accounts and are not added to the company's income;
- In the Netherlands, customers never lose their right to claim, no matter how much time elapses;
- In the United Kingdom, meanwhile, unclaimed benefits are transferred to an external fund only when absent policyholders reach the age of 75.

At the end of 2008, AEGON estimates that it was retaining EUR 9.2 million in unclaimed benefits because of missing or unknown addresses, down 20% from 2007 and equivalent to 0.05% of total benefits and claims paid during the year. Experience has shown that the value of individual policies where the beneficiary cannot be traced is generally low, less than EUR 100.00 a year.

AEGON companies use a number of different techniques to trace absent beneficiaries. These include consulting government registers and telephone directories, online searches and placing advertisements in newspapers and other publications. In 2008, AEGON The Netherlands reduced its number of unknown addresses by almost half by using a nationwide local government register to trace missing beneficiaries.

### Brand awareness

AEGON sells its products under a variety of different brand names<sup>1</sup>. This approach helps the company cater to the broadest possible range of customer requirements. In all its markets around the world, AEGON operates either under its own name, a co-branded name or a local brand. In addition, AEGON regularly measures the performance of its brands, and tracks brand awareness at a country and operating unit level.

AEGON is currently developing a more integrated approach to brand management and a more clearly defined branding process. The company does not expect this integrated approach to brand management to be in place in 2009. However, an initial project along these new lines will be launched during the year in Central & Eastern Europe. As part of this work, AEGON intends to measure

<sup>1</sup> Please refer to Appendix IV for a complete list of AEGON's brands.

the value of its brands and benchmark their performance against those of peer companies. The main objectives behind this initiative are to:

- Increase awareness of the company's two leading brands (AEGON and Transamerica);
- Protect and enhance the value of these brands;
- Ensure brand becomes an integral part of the company's overall corporate and capital management strategy;
- Support recruitment and customer service;
- Identify potential new businesses and areas of customer preference.

AEGON ranked thirteenth in a list of thirty insurance brands valued in Brand Finance's Global 500 index of leading brands. Brand Finance, an independent research firm, valued the AEGON brand at EUR 4.62 billion - equivalent, at the time the estimate was made to approximately 20% of the company's total market capitalization.

In recent years, AEGON has been adding the 'AEGON' name to a growing number of its brands. This has enabled local companies to use AEGON's overall financial strength and credibility to enhance their local market positions. The AEGON name now appears alongside brands in Europe, Asia and the Americas.

AEGON has established a Brand Council to oversee management of its brand strategy. Members of this Council are drawn from the company's businesses in the United States, the Netherlands, the United Kingdom and Central & Eastern Europe, as well as from AEGON N.V.<sup>1</sup> in The Hague. The Brand Council reports its findings directly to Marco Keim, AEGON's CEO for the Netherlands who, in 2008, was made responsible for brand development in the company's Management Board.

#### Financial literacy

AEGON believes it has an important role to play in ensuring its customers have the information they need to make the right long-term financial decisions for themselves and their families. In each of the company's three main markets, AEGON organizes and supports initiatives aimed at improving overall levels of financial literacy in its local communities.

In the United States, for example, AEGON supports LIFE - the Life and Health Insurance Foundation for Education - a non-profit organization that instructs people on the importance of life insurance and sound financial planning. Over the past two years, AEGON UK has meanwhile given its backing to the UK government's National Strategy for Financial Capability, aimed at improving levels of financial education in the country.

#### Anyone for tennis?

In 2008, AEGON UK agreed a new sponsorship deal with the Lawn Tennis Association, tennis' governing body in the United Kingdom. The deal, which runs until 2013, means the company will be involved in all aspects of the sport from community initiatives to professional competition. Money will go toward funding for the United Kingdom's elite players, as well as toward programs designed to encourage more children to take up the sport. The sponsorship is part of broader efforts to increase awareness of the AEGON brand name. In addition to tennis, AEGON has a number of other sporting sponsorships, including golf in both the United States and the United Kingdom, as well as speed skating in the Netherlands. AEGON is also the main sponsor of Dutch club Ajax, one of the best known names in European soccer.

<sup>1</sup> AEGON N.V. is AEGON's holding company, based in The Hague.

### **Being honest about pension savings in the Netherlands**

AEGON The Netherlands ran a nationwide publicity campaign in 2008 designed to raise awareness of pension issues - particularly the need to begin saving in time for retirement. As elsewhere in Europe, the population in the Netherlands is getting older. By 2035, according to the latest UN projections, more than a quarter of Dutch people will be over the age of 65. AEGON's campaign involved posters, billboards, TV commercials and an independently produced documentary, which was broadcast on national television. The campaign - dubbed 'Eerlijk over later', or 'Being honest about the future' - is part of a broader strategy to encourage more Dutch people to think about retirement. It was followed up by a second campaign, called 'Eerlijk over sparen', or 'Being honest about saving'.

### **The perils of inflation in India**

In India, AEGON Religare's first nationwide advertising campaign also focused on educating customers about the need to save for retirement. In the TV commercials, well-known Indian actor Irrfan Khan, dressed as an old man, suddenly discovers everything has mysteriously gone up in price - tram tickets, milk, gasoline, even shoe shines. "After retirement," he tells his friends in the commercial, "you'll have neither your youth, nor any income. What will you do then?" The advertisement is aimed primarily at professionals, roughly between the ages of 25 and 45, who want to maintain their standard of living but are not sure how much money they need to save. In the first week of the campaign, AEGON Religare received approximately 4,000 calls.

In addition, AEGON country units in Europe, the Americas and Asia organize regular seminars and training sessions for salesmen, intermediaries and brokers to improve the quality of financial advice they are able to give potential customers.

### **Distribution**

AEGON uses a number of commercial channels to distribute its products, including agents, brokers, banks and direct marketing, as well as partnerships with other companies. This approach enables customers to access AEGON products in a way that best suits them.

### **Online services**

Providing financial services online can help reduce transaction costs and cut down on the need for business travel and printed materials. Most AEGON country and business units provide online services of one sort or another. These services include:

- Information on financial products;
- Online application forms;
- Modifying personal data;
- Modifying premium contributions;
- Accessing quotes;
- Online calculation tools.

Monumental Life in the United States has revamped its website to include a section entitled 'When do you need life insurance?', providing simple, easy-to-understand information and advice to policyholders and potential customers.

Most AEGON companies operate IT fraud detection systems and all units use feedback loops to compliance officers to ensure the company's online platforms remain safe and secure at all times.

During 2008, AEGON websites received approximately 253 million 'hits'. The most popular sites were those operated by AEGON USA<sup>1</sup>, AEGON Canada and the Unirobe Meeùs Groep, AEGON's Dutch distribution arm. These sites accounted for just over 76% of the total number of 'hits'.

The purpose of most AEGON websites is to provide information on products and services. In 2008, almost 56% of the more than 96,000 visitors who requested further details online went on to buy a financial product or service, up from 50% in 2007.

<sup>1</sup> Please note that, throughout this report, AEGON USA refers to AEGON's operating companies and business units in the United States.

## Our Shareholders



AEGON believes that clear, accurate, timely and transparent financial communication allows shareholders to make informed decisions regarding their investments in the company.

AEGON has thousands of both institutional and retail shareholders around the world. More than three-quarters are located in North America, the Netherlands and the United Kingdom - the company's main markets. Approximately 86% of AEGON's common shares are held by institutional investors and the remaining 14% by retail shareholders. AEGON's largest single shareholder is Vereniging AEGON, an association set up to safeguard the company and the interests of its stakeholders. Vereniging AEGON, the company's single largest shareholder, currently holds 33.77% of AEGON's total voting capital<sup>1</sup>. The capital agreement with the Dutch government in October 2008 did not lead to any change in the company's ownership structure. The Dutch State does not own shares in AEGON.

AEGON is listed on four stock exchanges: Amsterdam, New York, London and Tokyo. The company's primary listing is in Amsterdam.

### Financial communication

AEGON's Investor Relations program<sup>2</sup> is aimed at ensuring investors have the information they need to make sound investment decisions. During 2008, AEGON organized a number of conferences, road shows and other events designed to communicate the company's strategy and performance directly to investors and financial markets. In addition, AEGON hosted an Analyst & Investor Conference in June, as well as an Investor Day in November. In total, these events - both held in London - attracted around 120 participants. The conferences

<sup>1</sup> This includes preference shares. Vereniging AEGON has, however, agreed voluntarily not to make use of the full voting rights attached to its preference shares, except in the event of a 'special cause'. These special causes may include a hostile bid for all or part of the company. In the absence of any such 'special cause', Vereniging AEGON's voting interest represents 23.73%. For more information on Vereniging AEGON and its relationship with AEGON, please refer to the Annual Report 2008, available online at [www.aegon.com](http://www.aegon.com).

<sup>2</sup> Please refer to page 52 for contact details of AEGON's Investor Relations department.

**Shareholders: our basic principles**

- We provide a strong capital base to meet our long-term financial obligations;
- We make decisions that are in the interests of our stakeholders;
- We are accountable to our stakeholders for clear and transparent disclosure of our management policies, practices and results;
- We identify and manage risk prudently;
- We invest prudently and responsibly;
- We provide timely and accurate information to our customers, shareholders, employees, regulators and business partners;
- We comply with all applicable laws and regulations, and we proactively promote such compliance;
- We set clear internal guidelines and policies relating to the way we behave as a responsible company with a global reach.

were broadcast live via the internet. During the year, AEGON also held meetings with approximately 700 institutional investors in 28 countries.

In the second half of 2008, the global financial crisis underlined the importance of clear and effective communication with the investment community. AEGON took steps to communicate details of its financial position as quickly and as thoroughly as possible through press releases, conferences and meetings with analysts and investors. Included were press releases explaining AEGON's exposure to possible losses following financial difficulties at Lehman Brothers, AIG and Washington Mutual.

In February 2008, AEGON's Executive Board adopted a new policy, setting out clear rules and guidelines for interaction between the company and its investors. This new policy is in line with recommendations issued by the Monitoring Committee overseeing the Dutch Corporate Governance Code. A copy of the policy is available at [www.aegon.com](http://www.aegon.com).

Alongside the company's Investor Relations program, AEGON also communicated extensively with the general and financial media. During 2008, AEGON organized a number of press conferences, visits, briefings and interviews with both local and international reporters to explain the company's strategy and its approach to the global financial crisis.

**Share price**

In 2008, AEGON's share price was severely affected by the global financial crisis. During the year, AEGON's share on the Amsterdam stock exchange lost 62.6% of its value (65.5% in US dollar terms). The graphs on this page 20 show the performance of AEGON shares on the Amsterdam and New York stock exchanges during 2008, compared with the AEX and the DJ Stoxx 600 Insurance indices.

AEGON share price development versus indices Rebased (in EUR)



AEGON share price development versus indices Rebased (in USD)



**Dividend policy**

AEGON recognizes the importance of a clear, stable and coherent dividend policy. Dividends to shareholders depend on the company's cash flow and capital position. AEGON's policy is that the total dividend for the year should be composed of two parts:

- An interim dividend, announced at the same time as the company publishes its second quarter results in August;
- A final dividend, proposed in March and voted on at the company's General Meeting of Shareholders, usually in April.

Payment of the interim and final dividend is made in either cash or stock.

In 2008, AEGON paid an interim dividend of EUR 0.30 a share. The company, however, decided to forego the final dividend for 2008 as part of broader measures to preserve capital in light of the global financial crisis.

**Managing risk**

Managing risk is at the heart of what an insurance company does. Insurers must be able to fulfill the long-term promises they make to their policyholders and investors. That means managing a range of financial and operational risks as effectively and efficiently as possible. For AEGON, risk management involves:

- Understanding which risks the company is able to underwrite;
- Assessing the risk-return trade-off associated with these risks;
- Establishing limits for the level of exposure to a particular risk or combination of risks; and
- Measuring and monitoring risk exposures and actively managing the company's overall risk and solvency positions.

By operating within certain pre-defined tolerances and adhering to policies that limit the overall risk the company is exposed to, AEGON is able to accept risk with the full knowledge of potential returns and losses both for the company and for its shareholders.

AEGON must, at all times, maintain a solvency position such that no plausible scenario would cause the company to default on its obligations to policyholders. To accomplish this, AEGON has established two basic objectives for its risk management strategy:

- AA capital adequacy requirements: AEGON maintains its companies' capital adequacy levels at whichever is the higher of local regulatory requirements, the relevant local Standard & Poor's requirements for very strong capitalization and any additional self-imposed economic requirements;
- Maintain solvency even under extreme event scenarios: AEGON must remain solvent in the case of plausible extreme events.

<b>Ratings</b> As of March 2009	<b>AEGON USA</b>	<b>AEGON The Netherlands</b>	<b>AEGON Scottish Equitable</b>
S&P rating	AA	AA	AA
S&P outlook	CWN <sup>1</sup>	CWN	CWN
Moody's rating	A1	NR <sup>2</sup>	NR
Moody's outlook	Negative	NR	NR
Fitch rating	AA	NR	NR
Fitch outlook	Negative	NR	NR

<sup>1</sup> CWN: Credit Watch Negative.  
<sup>2</sup> NR: Not Rated.

During 2008, AEGON's credit ratings remained unchanged. However, the outlook for all three credit ratings was altered to 'negative'. In addition, in early 2009, Moody's lowered its senior debt rating for AEGON N.V. to A3 with a negative outlook. Fitch lowered its senior debt rating to A, also with a negative outlook, while Standard & Poor's put its senior debt rating of A+ on credit watch negative, with as likely outcome an affirmation or a one-notch downgrade to A. At the same time, Moody's and Fitch lowered AEGON USA's insurance financial strength ratings by one notch, to A1 and AA respectively.

**Types of risk**

As an international provider of life insurance, pensions and other long-term investment and savings products, AEGON faces a number of risks, both operational and financial. Some of these risks may arise from internal factors, such as inadequate compliance systems. Others, such as movements in interest rates or unexpected changes in longevity trends, are external in nature. AEGON's most significant risk is to changes in financial markets, related particularly to movements in interest rates or equity and credit markets. Clearly, these risks, whether internal or external, may affect the company's operations, its earnings, its share price, the value of its investments or the sale of certain products and services.

### Risk management in 2008

Like other insurance and financial services companies, AEGON experienced the impact of unprecedented deterioration in capital markets in 2008. The global financial crisis brought about sharp declines in equity markets, a worsening in general economic conditions, lower interest rates, extreme market volatility, an unprecedented widening in credit spreads and a sharp increase in bond defaults. These factors had serious implications not only for AEGON's sales and earnings, but also for the company's capital and liquidity position. AEGON regularly carries out sensitivity analyses to determine the impact of different scenarios (including extreme event scenarios), particularly on the company's earnings and capital position<sup>1</sup>. During the year, AEGON took a series of measures designed to counter the effects of the crisis and, where required, to limit the company's exposure to major financial risks<sup>2</sup>:

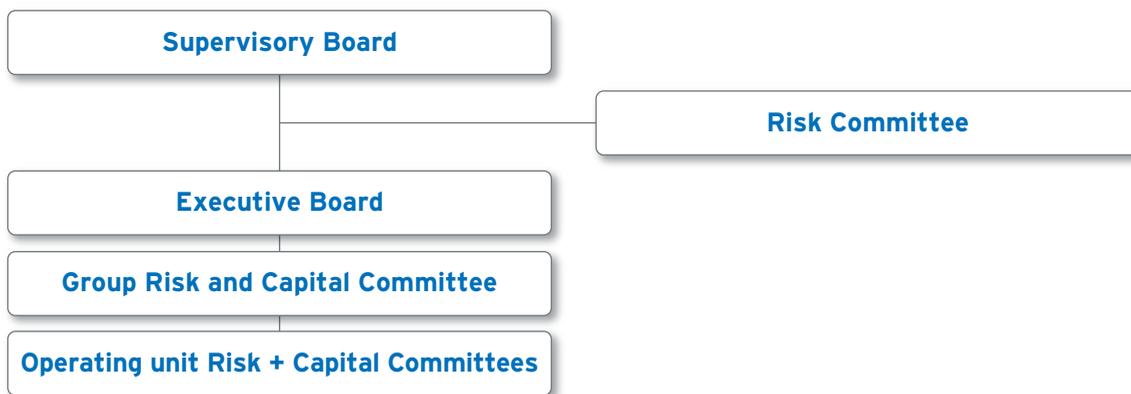
**Credit risk** - 2008 saw an unprecedented widening in credit spreads, particularly in AEGON's US corporate bonds. This had significant implications for the value of the company's fixed income investments. AEGON's strong liquidity management, however, ensured that the company would not be a forced seller of such assets.

**Equity market and other investment risks** - Equity markets around the world fell sharply in 2008. AEGON had already sold most of its direct equity market exposure in the Netherlands and the United States before financial markets began to decline. In addition, AEGON also increased the hedging of its product guarantees to protect itself against a further deterioration in equity markets.

**Interest rate risk** - Interest rates declined in 2008. This had important consequences, particularly for investment income and for the margins on financial guarantees included in certain policies. On some products, AEGON took steps to reduce such guarantees. In addition, the company implemented an interest rate hedge in the Netherlands, reducing its exposure to interest rate volatility and the risk to earnings. In the United States, to achieve similar objectives, AEGON stepped up its forward-starting swaps program.

**Currency risk** - As an international company, AEGON is clearly exposed to movements in currency rates. However, AEGON does not consider this exposure to be material. The company holds its capital base in various currencies in amounts that correspond to the book value of individual country units, thus mitigating currency risk. On occasions, AEGON does however hedge cash flows from operating subsidiaries as part of its broader capital and liquidity management.

**Liquidity risk** - AEGON has a strong liquidity management strategy in place. The company's current approach to liquidity management dates back to the early 1990s. As part of this approach, AEGON regularly considers the most extreme liquidity stress scenarios, including the possibility of prolonged 'frozen' capital markets, an immediate and permanent rise in interest rates and policyholders withdrawing liabilities at the earliest conceivable date. In addition, the company has highly developed liquidity stress planning in place. In 2008, AEGON put its specially-designated Liquidity Stress Management Team into action to deal with the sharp deterioration in business and market conditions. Current tests show that available liquidity would more



<sup>1</sup> For further details on AEGON's risk management policies, strategies and governance, please refer to the company's Annual Report 2008, available online at [www.aegon.com](http://www.aegon.com).

<sup>2</sup> Please refer to page 6 for a discussion of AEGON's overall response to the global financial crisis.

than match the company's requirements for at least the next two years, even if current poor market conditions worsen further.

**Underwriting risk** - AEGON's earnings depend, to a significant degree, on the extent to which claims experience is consistent with assumptions used by the company to price products and establish technical liabilities. Changes in, among other things, morbidity, mortality, longevity trends and policyholder behavior could have a considerable impact on AEGON's income. AEGON believes it has the capacity to take on more underwriting risk (providing of course it is correctly priced) in line with the company's broader strategy to capitalize on growth opportunities in its main life insurance and pension markets.

**Operational risk** - Like other companies, AEGON faces risk resulting from operational failures or external events, such as changes in regulations and natural or man-made disasters. AEGON's systems and processes are designed to support complex products and transactions and to avoid such issues as system failures, financial crime and breaches of security. AEGON is constantly working on analyses studying such operational risks and regularly develops contingency plans to deal with them. These plans also cover extreme event scenarios, such as the possibility of mortality pandemics in one or more of the company's main markets.

**Reputational risk** - As a result of the global financial crisis, public trust in financial services companies undoubtedly weakened in 2008. During the second half of the year, AEGON took considerable steps to strengthen its capital position and ensure it continued to meet its obligations to customers, regulators and other

stakeholders. Alongside this, AEGON also maintained a policy of open and transparent financial communication, particularly with regard to investors, customers and employees. In addition, the global financial crisis led to an increased focus on executive remuneration. AEGON's Remuneration Policy establishes a clear link between company performance and executive pay. Consequently, because of the significant decline last year in the company's overall financial performance, members of AEGON's Executive Board did not qualify for any performance-related pay for 2008. For further details of AEGON's Remuneration Policy, please refer to the Annual Report 2008, available online at [www.aegon.com](http://www.aegon.com).

**Risk governance**

AEGON's risk management framework is represented across all levels of the organization. This ensures a coherent and integrated approach to risk management throughout the company. Similarly, AEGON has in place a number of company-wide risk policies, designed to keep overall risk-specific exposures to a manageable level.

AEGON's risk management governance structure has four basic layers:

- The Supervisory Board (and the Supervisory Board Risk Committee);
- The Executive Board;
- AEGON's Group Risk and Capital Committee (GRCC);
- Individual Risk and Capital Committees (RCCs) present in AEGON's operating units.

AEGON's Executive Board has overall responsibility for risk management. The Board determines the company's risk tolerance and risk appetite. The Executive Board



reports to the Risk Committee of AEGON's Supervisory Board, which is responsible for overseeing the company's enterprise risk management framework. This includes questions of governance, as well as measures taken to ensure risk management is integrated properly into the company's broader strategy. In addition, the Risk Committee also reviews overall risk exposure in light of management's risk appetite, the company's own risk exposure limits and AEGON's overall solvency position. The Committee reports to the full Supervisory Board each quarter or more frequently, if required. It is the responsibility of the Executive Board to update the Supervisory Board should any risks directly threaten the solvency or operations of the company.

The GRCC is responsible for overseeing AEGON's solvency position, ensuring that risk-taking is within overall tolerance levels and that the company's capital position is adequate to support AA capital adequacy requirements. It is the responsibility of the GRCC to update the Executive Board should any risk threaten the company's economic solvency, statutory solvency or its operations. The GRCC also provides oversight for individual country unit RCCs. As such, the GRCC receives regular reports from RCCs, reviews major decisions and oversees compliance with company-wide risk policies.

RCCs have been established at each of AEGON's country units and, within the United States, at each business unit.

AEGON's Chief Financial Officer sits as both a member of the Executive Board and as Chairman of the GRCC. AEGON's Chief Risk Officer, its Group Treasurer and CFOs from the company's three main markets - the United States, the Netherlands and the United Kingdom - are also members of the GRCC.

### Corporate governance

AEGON is a public company under Dutch law. It is governed by three corporate bodies: the General Meeting of Shareholders, the Supervisory Board and the Executive Board.

The *Executive Board* is charged with the management of the company. It comprises two members: Alexander R. Wynaendts (Chairman and Chief Executive Officer) and Joseph B. M. Streppel (Chief Financial Officer).

Mr. Streppel is due to stepdown in 2009 in accordance with the terms of his contract. AEGON's Supervisory Board has nominated Jan J. Nooitgedagt, Chairman of

the Belgian and Dutch operations of Ernst & Young, as his successor. Mr. Nooitgedagt's appointment to the Executive Board will be proposed to shareholders for approval at the Annual General Meeting of Shareholders, scheduled for April 22, 2009.

AEGON also has a Management Board, which was introduced at the beginning of 2007. Members of the Management Board have both regional and broader company-wide responsibilities:

- Alexander R. Wynaendts (CEO and Chairman of the Management Board);
- Joseph B. M. Streppel (Chief Financial Officer);
- Patrick S. Baird (CEO AEGON USA, responsible for the Americas, Asia-Pacific and Global Life Reinsurance);
- Marco B.A. Keim (CEO AEGON The Netherlands, responsible for the Netherlands, brand and corporate responsibility);
- Gábor Kepecs (CEO AEGON Central & Eastern Europe, responsible for Central & Eastern Europe);
- Otto Thoresen (CEO AEGON UK, responsible for the United Kingdom, India and Variable Annuities in Europe).

AEGON's *Supervisory Board* oversees the management of the Executive Board, as well as the overall course of the company's business and corporate strategy, taking into account the relevant interests of AEGON's stakeholders. The Supervisory Board consists of twelve members: Dudley G. Eustace, Irving W. Bailey II, Robert J. Routs, Antony Burgmans, Cecelia Kempler, Shemaya Levy, Karla M. H. Peijs, Willem F. C. Stevens, Kornelis J. Storm, Ben van der Veer, Dirk P. M. Verbeek and Leo M. van Wijk.

Mr. Eustace's current term of office ends in 2009, but he will be nominated for an additional one-year term at the General Meeting of Shareholders scheduled for April 22, 2009. Mr. Eustace is due to step down as Chairman of AEGON's Supervisory Board in April 2010. He will be succeeded by Mr. Routs, who is a former executive at Royal Dutch Shell PLC.

As part of its agreement to extend additional core capital to AEGON, the Dutch government may request that two representatives of the State be nominated for appointment to the Supervisory Board. These representatives are Karla M.H. Peijs and Arthur W.H. Docters van Leeuwen. Shareholders will be asked to approve the appointment of Mr. Docters van Leeuwen at their 2009 annual meeting. Pending his approval, Mr. Docters van Leeuwen

has been attending meetings of the Supervisory Board since the beginning of December 2008 as an observer. Ms. Peijs is already a member of the Supervisory Board.

Approval from the state representatives will be required for certain decisions, including:

- Issue and repurchase of shares and debentures;
- Changes to AEGON's policy with regard to executive remuneration;
- Any acquisitions that have a value of 25% or more of AEGON's issued capital and reserves.

In addition, AEGON has agreed to review its Remuneration Policy for members of the Executive Board and senior management to ensure it is aligned to new international standards.

All members of AEGON's Supervisory Board may be considered independent, as defined by the Dutch Corporate Governance Code, with the exception of Mr. Storm, who formerly served as Chairman of AEGON's Executive Board.

A *General Meeting of Shareholders* is held at least once a year. Its main function is to decide matters such as the adoption of the annual accounts, the approval of dividend payments and appointments to AEGON's Executive and Supervisory Boards.

Further details on AEGON's governance as well as Executive and Supervisory Board remuneration may be found in the company's Annual Report 2008, available at [www.aegon.com](http://www.aegon.com).

### Regulations

AEGON is registered in the Netherlands, and listed on four separate stock exchanges. As such the company complies with a variety of different governance codes. These include:

- The Sarbanes Oxley Act in the United States;
- The Corporate Governance Code in the Netherlands;
- The Combined Code on Corporate Governance in the United Kingdom.

### Investing responsibly: AEGON as a shareholder

With more than EUR 330 billion in revenue-generating assets, AEGON is one of the world's leading institutional investors. It manages investments not only for its own account, but also on behalf of its various customers and policyholders. The company places great importance on the responsibilities it has as an investor and recognizes that poor social or environmental practice may also affect the value of the companies in which it invests.

### AEGON investing in sustainable resources in the United States

In the United States, AEGON has a number of investment projects designed to reduce the effects of climate change and encourage the use of sustainable, natural resources.

- AEGON USA provided mortgages totaling USD 229 million for 'green' buildings in Alabama, Pennsylvania and Minnesota, which incorporate recycled and renewable materials as well as natural lighting, rainwater capture and geothermal heating systems;
- Approximately USD 165 million is being invested in housing projects in California, Louisiana and New York that use renewable energy and sustainable building practices. The projects include a 378-unit apartment complex in California that, once complete, will be one of the largest residential solar energy installations in the United States;
- Since 2002, AEGON USA has invested USD 84 million in timber - 96% in holdings certified as 'sustainable' by the Forestry Stewardship Council or the Sustainable Forestry Initiative. AEGON's timberland loan portfolio in the United States currently amounts to USD 63 million;
- AEGON USA has also invested a total of USD 200 million in wind generation projects, capable of producing an estimated 286 MW of electricity a year - enough to power approximately 60 homes a year.

### Carbon Disclosure Project

AEGON is a signatory to the 2008 Carbon Disclosure Project - a program that encourages companies to be more open about their greenhouse gas emissions. Investors that have signed up to the Project have approximately USD 57 trillion in assets under management.

### Global Reporting Initiative

AEGON supports the Global Reporting Initiative - a project that aims to develop accepted and comparable standards for measuring corporate and social responsibility performance. In 2008, AEGON sponsored the GRI's Global Conference on Sustainability and Transparency in Amsterdam. AEGON is also an Organizational Stakeholder of the GRI.

### Human Rights

As a global company, AEGON recognizes its responsibility for helping defend and promote human rights. AEGON upholds the United Nations' Universal Declaration of Human Rights and subscribes to the core standards of the International Labor Organization, as well as the principles on human rights and labor standards contained in the UN Global Compact.

In the United Kingdom, AEGON Asset Management is a member of the Association of British Insurers' investment committee, which considers corporate governance issues and sets policy in this area. In addition, AEGON Asset Management UK is a signatory to the UN Principles for Responsible Investment and the Extractive Industry Transparency Initiative, which aims to improve governance in the global oil, gas and minerals sector.

### Investment strategy

AEGON's investment strategy operates within the company's overall risk management framework, and consists in attempting to balance the need to maximize returns with consideration for social, environmental and other non-financial factors. AEGON's asset management companies adhere to a range of local, regional and international corporate governance initiatives. These include guidelines provided by the:

- Organization for Economic Cooperation and Development (OECD);
- International Corporate Governance Network (ICGN);
- Dutch Corporate Governance Code<sup>1</sup>;
- Department of Labor in the United States;
- Combined Code in the United Kingdom.

Based on these initiatives, AEGON's investment companies in the United States, the Netherlands, the United Kingdom and Canada have their own local voting policies<sup>2</sup>. These policies are periodically reviewed and updated. In addition, AEGON also has a Global Voting Policy, which sets out company-wide practices and principles for all AEGON asset management companies around the world. This Global Voting Policy operates alongside existing local voting policies.

AEGON companies regularly report their voting activities or, alternatively, will supply voting records to customers and investors, if requested. In 2009, AEGON intends to begin collating and publishing these records at a corporate level.

When making investments, AEGON takes into account a number of non-financial risks, including: regulatory and/or legal, environmental, social, political, accounting and reputational.

AEGON's investment analysis explicitly considers company management's track record on these issues, particularly for sectors of the economy that have significant environmental impact or exposure to political risk. Both AEGON UK and AEGON The Netherlands engage actively with management of companies in which they invest. AEGON fund managers and analysts regularly meet executives from these companies. The aim of this continuous and in-depth dialogue is to ensure that, as far as possible, AEGON is aware of all aspects of the company's activities and risks.

In 2009, AEGON intends to begin work on developing a company-wide principles for investment, based on existing international commitments and country unit rules and guidelines already in place.

<sup>1</sup> For further information on AEGON's compliance with the Dutch Corporate Governance Code, please refer to the company's Annual Report 2008, available at [www.aegon.com](http://www.aegon.com).

<sup>2</sup> Further details may be found online at: AEGON The Netherlands (the Netherlands): [www.aegon.nl](http://www.aegon.nl), AEGON Capital Management Inc. (Canada): [www.aegoncapital.ca](http://www.aegoncapital.ca), Transamerica Investment Management LLC (United States): [www.timllc.com](http://www.timllc.com), AEGON Asset Management UK (United Kingdom): [www.aegonam.co.uk](http://www.aegonam.co.uk).

### AEGON's international commitments

AEGON upholds a number of different international agreements that set out guidelines or minimum standards for pollution, human rights or labor conditions. These agreements help shape and inform the company's investment decisions.

AEGON also takes specific measures to detect and prevent money laundering and the financing of terrorist activities. These include providing awareness training for all relevant staff and encouraging employees to report suspicious transactions both to management and to the responsible authorities.

### Socially responsible investments

In the United Kingdom, the Netherlands and Hungary, AEGON offers Socially Responsible Investment (SRI) funds. These funds invest in companies that adhere to ethically and environmentally sound business practices. Certain AEGON companies in the United States offer similar SRI funds managed by third parties. In China, AEGON Industrial Fund Management Company - AEGON's asset management joint venture - also operates a successful SRI fund.

SRI funds typically avoid investing in certain sectors of the economy, including armaments, tobacco and gambling. They may also exclude investments in companies that have, in the past, made political donations, have been fined for pollution offenses or operate in countries with poor human rights records. As well as 'negative screening', AEGON's SRI funds also focus on investing in companies that, in individual sectors, offer the best corporate responsibility records.

Most assets in both the United Kingdom and the Netherlands are managed on behalf of policyholders. AEGON offers advice to its costumers about their investment in SRI funds. However, decisions on where to invest and how much to invest are taken by customers alone. AEGON cannot, therefore, determine the amounts invested in the company's SRI funds.

At the end of 2008, AEGON had six separate SRI funds - three in the United Kingdom, two in the Netherlands and one in Hungary.

Country	Funds
AEGON UK	Ethical Cautious Managed Ethical Corporate Bond Ethical Equity Fund
AEGON The Netherlands	AEGON Duurzaam Aandelen Fonds (AEGON Sustainable Shares Fund) AEGON Sustainable World Equity Fund
AEGON Hungary	AEGON Climate Change Fund

At the end of 2008, AEGON's SRI funds in the United Kingdom, the Netherlands and Hungary totaled EUR 828 million, down 23% from EUR 1.08 billion the year before. The decline was due primarily to turmoil in world financial markets during the second half of the year. At the end of 2008, SRI funds represented 0.25% of AEGON's total revenue-generating investments.

SRI funds (Country unit)	Currency	Total invested		Change %	Total invested as % of country unit's revenue- generating investments	
		2008	2007		2008	2007
United Kingdom	GBP million	631	740	(14.7)	1.34	1.39
The Netherlands	EUR million	35	68	(48.5)	0.06	0.10
Hungary	EUR million	1	1	Unchanged	n/a	n/a
<b>TOTAL</b>	EUR million	<b>828</b>	<b>1,078</b>	<b>(23.2)</b>	<b>0.25</b>	<b>0.29</b>

n/a - not applicable.

Figures in parentheses denote negative amounts.

# Our Employees

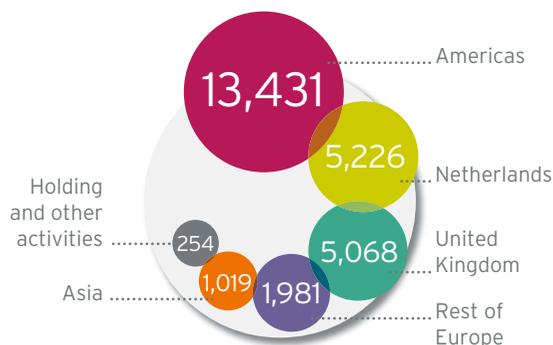


At the end of 2008, AEGON had a total of 31,425 employees, up 3.3% from 30,414 twelve months previously<sup>1</sup>. This increase was due mainly to an expansion of the company's businesses, most notably in Central & Eastern Europe and China, as well as to the inclusion of a number of newly-acquired companies.

In the United States and the Netherlands, the size of AEGON's workforce remained virtually unchanged, though the number of employees in the United Kingdom rose by approximately 200. Nearly 46% of AEGON's total workforce is employed in the United States.

In 2008, 12% of all AEGON employees worked part-time, up from 9.6% the year before. This increase is due mainly to the inclusion, for the first time, of data from the Unirobe Meeùs Groep and Nedasco in the Netherlands, which tend on average to employ a higher proportion of part-time workers. There was also a slight increase in part-time workers in the United States.

## Breakdown of the number of employees



## Employee turnover

In 2008, employee turnover reached 14%, up from 13% the previous year. Of the total, 8% left the company voluntarily to pursue opportunities elsewhere. Employment was terminated for a further 4%, either because of internal restructuring or individual underperformance. The remaining 2% was due to a policy, in certain business areas, of not replacing those employees leaving the company either to take up other jobs or to retire. At the end of 2008, AEGON employees had, on average, spent 7.7 years with the company, down from 8.2 twelve months earlier.

<sup>1</sup> A detailed breakdown of AEGON's global workforce may be found in Appendix III on page 45.

### Recruitment, training and performance appraisals

In 2008, AEGON recruited 5,450 new employees worldwide<sup>1</sup>, up from just over 5,340 the year before. Most of these employees were hired to replace existing staff leaving the company, though approximately 780 new hires resulted from an expansion in the company's businesses over the past year. On average, vacant positions were filled within 29 days, down from 34 in 2007, though individual country unit rates varied widely. Each vacancy attracted an average of 22 applicants, up from 20 in 2007.

AEGON encourages employees at all levels to take part in formal skills and development programs. Training sessions cover topics such as customer service, product knowledge, business writing, compliance and sales. Most of AEGON country units grant employees time and, occasionally, financial assistance to pursue individual projects such as language training or higher education related to their work at the company.

AEGON training and education courses in 2008 included:

- In the United States, Transamerica Insurance & Investment Group extended its *Passport to learning* program for employees to include a special session on 'Understanding the Financial Crisis'. During the year, nearly 80% of employees in Los Angeles participated in at least one of the *Passport to learning* sessions;
- In 2008, the organization also launched an auxiliary program, *Passport to Enrichment*, focused on employees' personal, rather than professional, requirements. The program kicked off with a session educating employees about benefits included in their pension and 401(k) plans;
- AEGON's Asia Leadership Academy held a course for managers in China, focusing on skills training and measures to combat money laundering.

AEGON also took steps in 2008 to improve its human resources management and staff recruitment. In the United Kingdom, the Pipeline Project produced significant results, cutting down on the cost of hiring new employees by a third and the time involved in recruitment by 70%. Since the launch of the project in March 2007, retention rates have also improved by approximately 50%. In the Netherlands, AEGON signed a new collective labor agreement with Dutch trade unions, which included an increase in salaries for employees as well as a new, more flexible payment and vacation system. In China, meanwhile, AEGON-CNOOC was recognized in 2008 for its efforts to attract and retain talented staff in what has become an extremely competitive jobs market.

### Workplace: our basic principles

- We promote ethical behavior and encourage the reporting of any illegal or unethical behavior;
- We promote respect for people and their working environment;
- We actively enforce policies that promote non-discrimination in the workplace and encourage diversity;
- We hire, promote and pay our employees fairly and do so based on their qualifications, their experience and their ability to do a job;
- We provide training to encourage our employees to reach their potential;
- We require our employees, within the scope of their professional activities for the company, to act in the best interests of all our stakeholders and abide by our business principles and core values;
- We provide employees with a safe place to work;
- We encourage personal and career advancement;
- We allow our employees the free right of association.

<sup>1</sup> This figure refers to new hires only. It does not include employees taken on as a result of mergers or acquisitions.

Percentage of workforce taking part in formal skills and capabilities programs are shown in table 1 on page 31, training is shown in table 2 and the percentage of workforce subject to regular, standardized performance appraisal is shown in table 3 on that page.

### Non-discrimination

AEGON actively enforces policies that promote non-discrimination in the workplace whether on grounds of race, creed, religion, sexuality or gender. This principle of non-discrimination is contained in AEGON's business principles. In addition, AEGON complies with all local legislation in the countries in which it operates with regard to equal pay and treatment. In the United States and the United Kingdom, all new employees are given mandatory computer-based training on issues relating to non-discrimination and equal employment legislation. In 2008, AEGON USA's 'Take 15' training program for managers and supervisors also focused on political and religious issues in the workplace, as well as discrimination and harassment.

AEGON has mechanisms in place to deal with cases of discrimination. In 2008, three of the company's operating units reported cases relating primarily to racial and sexual harassment. These cases were limited in number. Any cases not dealt with internally are referred to external employment tribunals.

AEGON also has a number of policies designed specifically to encourage women to remain in the workforce and to take up positions in management, including part-time working, flexible hours and childcare facilities. In August 2008, AEGON opened a new childcare facility at its Cedar Rapids office in the United States. The new facility has US Green Building Council 'Leadership in Energy and Environmental Design' certification. At the end of 2008, women made up 54% of AEGON's total workforce, and 23% of the company's senior management, a slight increase compared with 2007.

### Employment costs

To attract and retain talented employees, AEGON believes it must offer competitive salaries and compensation packages. Employment costs for AEGON's total workforce amounted to EUR 1.899 billion in 2008, down fractionally from 1.903 billion in 2007. An increase in costs in the Netherlands and Central & Eastern Europe was offset by declines in both the Americas and the United Kingdom. Employment costs at AEGON's operations in the Netherlands rose 10.2% in 2008, due primarily to higher charges related to temporary workers and a lower

comparative figure for 2007, which resulted from a pension provision release during the year following a change in accounting rules.

### Salary structures

Employees' salaries may contain both a fixed and a variable component, linked to company and/or individual performance (please see the table on page 31).

In 2008, approximately one-third of AEGON employees received one form or another of variable compensation. During the year, the company paid out EUR 75 million in performance-related pay. This was significantly lower than in 2007, mainly because of the impact of a decline in financial earnings on variable compensation for senior management.

Because of the financial crisis, AEGON and its operating units have taken a number of specific measures to limit performance-related pay to staff. These steps include:

- In the United States, salaried employees will not receive merit increases in 2009. Overall, variable compensation payments are expected to be considerably lower, but this was due primarily to the decline in earnings performance during 2008;
- In the Netherlands and the United Kingdom, measures have been taken to restrict salary increases in 2009 both for management and other employees;
- In Central & Eastern Europe, steps were taken to reduce incentive payments, while there were no wage increases for senior managers. Country units in the region focused instead on improving levels of pay for those earning the least;
- AEGON Canada suspended merit increases for all employees, including management.

Alongside these measures, AEGON also decided not to grant stock options to employees in 2009.

In addition, as part of the capital agreement with the Dutch government, AEGON has agreed to review its Remuneration Policy for members of the company's Executive Board and senior management to ensure the policy is aligned with new international standards. Subsequent to this agreement, AEGON's Executive Board members will not be entitled to any performance-related remuneration for the year 2008. In addition, exit arrangements have been limited to a maximum of one year's fixed salary - in accordance with provisions in the Dutch Corporate Governance Code.

**Table 1**

In percentages	2008 <sup>1</sup>	2007	Change %
Senior management	79	89	(11.2)
Middle management	82	90	(8.9)
Other employees	80	91	(12.1)

**Table 3**

In percentages	2008	2007	Change
Senior management	91	100	(9.0)
Middle management	97	98	(1.0)
Other employees	97	97	Unchanged

**Table 2**

	2008	2007	Change %
Amount spent on training (EUR million)	19.9	17.6	13.1
Average amount spent on training per employee (EUR)	645	580	11.2
Average number of days spent on training	4.19	4.16	0.7

In percentages	Men		Women	
	2008	2007	2008	2007
Total workforce	46	47	54	53
Senior management	77	78	23	22

**Employment costs**

Amounts in EUR million	Salaries	Other expenses	Total 2008	Total 2007	Change %
Americas	730	159	889	946	(6.0)
The Netherlands	262	277	539	489	10.2
United Kingdom	194	131	325	343	(5.3)
Other countries <sup>1</sup>	69	30	99	79	25.3
Holding and other activities	29	18	47	46	2.2
<b>TOTAL</b>	<b>1,284</b>	<b>615</b>	<b>1,899</b>	<b>1,903</b>	<b>(0.2)</b>

<sup>1</sup> 'Other countries' refers to AEGON's operations in Central & Eastern Europe, Spain, France and Asia.

**Total employment costs per capita were as follows**

Amounts in EUR million	Total 2008	Total 2007	Change %
Americas	58,960	62,413	(5.5)
The Netherlands	87,320	78,871	10.7
United Kingdom	62,633	68,737	(8.9)
<b>TOTAL</b>	<b>60,441</b>	<b>62,570</b>	<b>(3.4)</b>

**Salary structures**

	% of total remuneration received as variable compensation	% of variable compensation based on company performance	% of variable compensation based on individual performance
Senior management	34	54	46
Middle management	19	51	49
Other employees	8	43	57

Figures in parentheses denote negative amounts.

<sup>1</sup> Figures for 2008 include data for the first time from the Unirobe Meeus Groep in the Netherlands. It should be noted however that, because of the nature of the firm's business, the proportion of employees attending formal skills training at Unirobe Meeus is lower than at other AEGON companies. Numbers in parentheses denote negative amounts.

### Pension arrangements and other benefits

Naturally, pension arrangements vary from country to country. AEGON USA offers both defined contribution (DC) and defined benefit (DB) plans. In the United Kingdom, AEGON has now closed its DB plan to new entrants and offers only a DC plan.

AEGON The Netherlands has a number of hybrid pension plans in place. In total, AEGON pension plans in its three main operating countries - the United States, the Netherlands and the United Kingdom - cover approximately 55,000 employees and former employees. In addition, in Central & Eastern Europe, AEGON makes contributions to several employee pension funds and individual savings programs. Further details on AEGON's pension policies may be found in the company's Annual Report 2008, available online at [www.aegon.com](http://www.aegon.com).

### Absentee rates

In 2008, AEGON companies' overall absentee rate<sup>1</sup> stood at 2.5%, an improvement from 2.8% the previous year. This decrease was due mainly to lower absentee rates in the Netherlands and the United Kingdom. Most AEGON country units have policies in place to reduce absenteeism, including wellness programs, safety training and occupational health facilities.

### Work-related injuries

A total of 375 work-related injuries and illnesses were reported in 2008, up 17% from 320 the previous year. This figure covers injuries sustained and reported by employees during the course of their work for the company. The increase is due to a rise in work-related injuries and illnesses in AEGON's main operating units and the inclusion for the first time of data from the Unirobe Meeüs Groep in the Netherlands.

### Employee satisfaction

Over the past year, AEGON has introduced measures to improve levels of employee satisfaction. These include

employee recognition programs and initiatives to strengthen internal communications, including the launch in 2008 of a new company-wide magazine and a new intranet site dedicated to company employees. During the financial crisis, efforts were made to ensure employees were well informed both of AEGON's own position and of broader developments in world financial markets. These efforts included articles on AEGON's intranet site and in the company's internal magazines, as well as interviews with senior executives and letters sent directly to employees.

In 2008, AEGON measured employee satisfaction at business units representing 87% of the company's total workforce. At these units, approximately 55% of employees were surveyed during the year. According to these surveys, employee satisfaction rose overall by 3.8% compared with 2007<sup>2</sup>.

In 2008, AEGON also asked its country units to rate employee satisfaction on a scale of 1 to 100. On average, employee satisfaction levels were rated at 80, up from 77 in 2007. Toward the end of 2009 or early 2010, AEGON plans to carry out a company-wide satisfaction survey, covering its entire workforce. Results of this survey will be published in AEGON's Corporate Responsibility Report.

### AEGON's Code of Conduct

AEGON's Code of Conduct sets out the company's core values and its underlying principles of business practice. It applies to all AEGON employees (excluding only those working for joint ventures where AEGON does not have full management control). AEGON's country units regularly provide training on the Code of Conduct and monitor compliance with provisions of the Code. A copy of the Code may be found on AEGON's website at [www.aegon.com](http://www.aegon.com). AEGON's Code of Conduct contains rules, regulations and guidelines in a number of areas, including:

- Preventing discrimination in the workplace;
- Protecting free and open competition;

Selected absentee rates (in percentages)	2008	2007	Change
AEGON GROUP	2.5	2.8	Down
AEGON USA	1.8	1.7	Up
AEGON The Netherlands	4.4	5.4	Down
AEGON UK	2.6	2.9	Down
AEGON Central & Eastern Europe	3.6	4.4	Down
AEGON Taiwan	1.3	1.4	Down
AEGON China	0.4	n/a	n/a

This table includes data from all country units with 1,000 employees or more.

<sup>1</sup> Includes illness and other reasons, but specifically excludes maternity leave (except in the United States).

<sup>2</sup> Please note that this figure is, as stated, based on 87% of AEGON's total workforce and does not include employees in Canada, India, Poland, Romania, Spain or at the Unirobe Meeüs Groep in the Netherlands.  
n/a: not applicable.

- Ensuring the confidentiality of personal information supplied by employees, customers, business partners and shareholders;
- Preventing employees from accepting bribes or seeking to gain unlawful advantage;
- Preventing insider trading;
- Detecting and stopping money laundering;
- Promoting respect for the environment and the use of valuable raw materials and resources, such as electricity, gas, paper and water;
- Strengthening corporate governance; and
- Ensuring clear, accurate and regular disclosure of financial and other information.

In 2008, AEGON updated its Code of Conduct to bring it into line with recent developments in world financial markets, as well as changes to regulations in the insurance industry and international accounting rules. The new Code uses simpler, more straightforward language, incorporates AEGON's business principles and clearly sets out the respective responsibilities of both the company and its employees.

Alongside the new Code, AEGON also introduced a 'Global Ethics Line', which enables employees to report in confidence any suspected violations of the Code. Complaints may also be made anonymously and in the language of the complainant. Each country unit will have a dedicated reporting officer to ensure the complaint is properly assessed and appropriate action taken.

In addition to the Global Ethics Line, AEGON companies have detailed procedures in place for complaints regarding accounting, international financial controls and auditing issues. Naturally, these rules and regulations operate in conjunction with:

- National laws;
- Separate provisions set out at country unit level to deal with issues ranging from handling confidential information to tackling money laundering.

#### **AEGON's 'In Practice' program**

'In Practice' is designed to increase awareness among employees of industry issues, AEGON's business principles and its broader corporate strategy, usually through E-learning programs:

- 'You & AEGON', introduced in 2007, provides new employees with basic information about the company and its businesses around the world;
- New employees are also required to complete an online training program on the Code of Conduct;
- In 2008, AEGON rolled out an E-learning program to all relevant staff aimed at helping prevent insider dealing.

In addition, the launch of the new Code of Conduct was accompanied by an internal communications campaign, which used a combination of posters, articles, brochures and interviews to explain the changes to employees. In 2009, employees will also take part in a specially revised E-learning program on the new Code.

"We've done a lot to make our Code of Conduct clearer, more transparent and simpler to understand. But we also needed to respond to some of the changes we've seen in recent years - changes to the financial markets and to regulations. Of course, we have to make sure we comply with these changes in regulation. But we also want to be at the forefront of best practice in the industry. For that, we have to be confident that we have the right mechanisms in place. With the Global Ethics Line, employees can just pick up the phone or go online and file a complaint in complete confidence. But this is also where the Code of Conduct plays a really vital role: in setting out clearly not only what our responsibilities are as an international company, but also what best practice is, and how we expect our employees to translate these responsibilities into their day to day dealings with customers and other stakeholders."

**Mirjam Bakker**  
Global Head of Compliance,  
AEGON N.V.

# Our Business Partners



In 2008, AEGON paid out a total of EUR 1.64 billion to suppliers for a variety of goods and services, up just 1.8% from EUR 1.61 billion the year before.

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## Selection of suppliers

Many AEGON country units use locally-determined standards as part of their selection process for suppliers. In the United Kingdom, these standards are an integral part of the company's procurement policy.

AEGON The Netherlands, meanwhile, sets minimum standards for environmental criteria, as well as health and safety. In 2009, the company intends to establish similar minimum standards for its tender processes.

In Taiwan, AEGON has introduced a 16-point guideline for suppliers, while minimum standards in Canada are in line with ISO 14001<sup>1</sup>, an internationally recognized benchmark for environmental management. In all, AEGON companies in the United Kingdom, Taiwan and Hungary all set pre-determined minimum standards for their suppliers.

As part of its objectives for 2008, AEGON has drafted proposals for company-wide corporate responsibility standards for suppliers in its major procurement centers in Europe and North America. This is an important step

toward ensuring high ethical standards through the company's supply chains. However, progress on these minimum standards has been slower than expected, due in part to the effects of the global financial crisis. Further work will take place with a view to finalizing these proposals during the course of 2009.

## Stakeholder groups

AEGON country and business units maintain contact with a wide variety of stakeholder groups, either through regular meetings or through more formal structures such as works' councils or trade associations. These groups include:

- Customer advocacy groups;
- Shareholder advocacy groups;
- Trade unions or other employee representative groups;
- Regulators and government authorities;
- Local communities;
- Industry and other trade associations.

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<sup>1</sup> ISO 14001, compiled and published by the International Organization for Standardization, sets out minimum standards and quality requirements for environmental management systems. It helps companies and other organizations measure their impact on the environment and demonstrate sound environmental practice.

In 2008, 49% of employees worked for an AEGON company that had regular dialogue with its staff through a works' council or a similar structure. This represents an increase of 19% compared with 2007. During the year, works' councils or employee representative bodies met regularly in the Czech Republic, Hungary, the Netherlands, Poland, Taiwan and the United Kingdom. Trade unions Unite and Aegis are both represented on AEGON's European Works' Council.

AEGON set up its first-ever Stakeholder Panel in 2008 to assess the content and relevance of the company's corporate responsibility reporting. The Panel was made up of nine members, including trade union and employee representatives, shareholders, competitors and non-governmental organizations. For further details, please see page 11.

#### **Governments and regulators**

AEGON actively engages with governments and industry regulators around the world. The company holds regular discussions on new legislation for the life insurance and pension sectors in the Americas, Europe and Asia. These discussions have taken on increasing importance given the global financial crisis and the phenomenon of aging populations in many parts of the world.

Over the past year, AEGON has played a key role in helping further shape the regulatory environment in many of the countries in which it operates, including Asia and Central & Eastern Europe, as well as the company's three main markets. Examples include:

- AEGON was a co-sponsor of the Confederation of Indian Industry's summit on corporate governance, held in January 2009;
- In the Czech Republic, AEGON was closely involved in proposals to create a specially-designated task force to help the country's insurance companies tackle money laundering;
- In China, AEGON worked alongside the China Insurance Regulatory Commission and other insurers to draft new regulations on a host of topics, including compliance management, telemarketing and product disclosure.

Meanwhile, AEGON's Public Policy & Regulatory Affairs department continues to work alongside policymakers in Washington, Brussels and London and, notably, has taken an active part in recent discussions on European pension legislation. The department's overall objective is to ensure lawmakers have the opportunity to make use of AEGON's knowledge and expertise when framing new legislation.

#### **Tax payments**

In 2008, AEGON received a total tax refund of EUR 437 million. This amount includes tax paid on behalf of policyholders. AEGON's effective tax rate for the year fell to minus 2%. This was the result of lower earnings, changes in certain statutory rates and an extraordinary tax charge related to inter-company reinsurance treaties. It should be noted, however, that there is often no direct correlation between earnings for any given year and the amount of tax paid or received.

#### **Tackling corruption**

AEGON is determined to tackle incidents of corruption and malpractice in all its businesses around the world. The company sets out clear rules in its Code of Conduct and elsewhere designed to prevent corruption, bribery, money laundering, insider dealing and other forms of malpractice.

# The Wider Community



As an international company, AEGON believes that business success is not incompatible with a respect for the environment, human rights and the broader communities in which the company operates.

AEGON pursues initiatives designed to reduce the impact of its operations on the environment, and supports a wide variety of charitable causes and projects around the world.

## Protecting the environment

AEGON has a company-wide environmental policy, which stresses the importance of respecting the environment, conserving energy and eliminating waste. These objectives are also contained in the company's business principles and its Code of Conduct<sup>1</sup>.

Each year, AEGON measures its consumption of energy and other raw materials, most notably paper, as well as its production of waste and its emissions of carbon dioxide. In 2008, consumption of gas, electricity and water all rose, primarily as a result of an expansion in the company's businesses and an unusually cold winter in North America and Europe. Paper consumption was significantly lower, however.

On a per capita basis, both electricity and paper consumption fell. Gas use per employee, however, rose as a result of the cold winter. Water consumption showed a slight increase of 3.1%, or 2 liters per person per day.

AEGON companies have policies and initiatives in place aimed at reducing energy consumption and making as much use as possible of renewable or recyclable sources. In the United Kingdom, for example, 25% of energy used is environmentally friendly. Furthermore, two of AEGON's country units – AEGON The Netherlands and AEGON UK – are certified ISO 14001 compliant with respect to their property activities.

In the United Kingdom, AEGON has specific reduction targets in place for paper, energy and water use, as well as objectives for waste generation and the use of renewable energy. Four of AEGON's country units (the United States, the Netherlands, the United Kingdom and Canada), covering 76% of the company's global workforce,

<sup>1</sup> A copy of AEGON's Code of Conduct and environmental policy may be found on the company's corporate website ([www.aegon.com](http://www.aegon.com)).

have programs designed to reduce the impact of AEGON's operations on the process of climate change. AEGON USA, meanwhile, intends to lower its spending on business travel in 2009 by 20% as part of the company's overall cost reduction measures.

In 2008, AEGON's consumption of energy, water and paper, its production of waste, business travel and carbon dioxide emissions were as indicated in the table<sup>1</sup> below:

	Unit	2008	2007	Change %
<b>Total paper use</b>	Metric tonnes	<b>4,990</b>	<b>5,753</b>	<b>(13.26)</b>
Per capita	Kilograms	159	189	(15.87)
Recycled paper as % of total		14	14	0
<b>Total electricity consumption</b>		<b>152</b>	<b>146</b>	<b>4.10</b>
Per capita	KWh	4,757.36	4,800.00	(0.89)
<b>Total gas use</b>	Cubic meters (millions)	<b>4.90</b>	<b>4.50</b>	<b>8.89</b>
Per capita	Cubic meters	152.11	149	2.09
Renewable energy use as % of total energy consumption		3%	5%	(40)
<b>Total water consumption</b>	Cubic meters	<b>487,030</b>	<b>451,848</b>	<b>7.79</b>
Per capita per day	Liters	67	65	3.08
<b>Total waste generation</b>	Metric tonnes	<b>4,516</b>	<b>4,084</b>	<b>10.58</b>
Per capita	Kilograms			
Recycled waste as % of total		54	52	3.85
<b>Total air travel<sup>2</sup></b>		<b>134.60</b>	<b>126.40</b>	<b>(6.48)</b>
<b>CO<sub>2</sub> emissions (from gas and electricity use)</b>	Metric tonnes	88,954	84,383	5.42
Per employee		2.83	2.77	2.17
<b>CO<sub>2</sub> emissions (from air travel)</b>	Metric tonnes	17,318	14,470	(19.68)
Per employee		0.55	0.60	(8.33)

<sup>1</sup> All figures in this table cover 100% of AEGON's global workforce, but have been extrapolated from data covering less than 100%.

<sup>2</sup> Please note that figures for air travel cover seven country units and AEGON N.V., the holding company.

Figures in parentheses denote negative amounts.

### **The Wider Community: our basic principles**

- We are active corporate citizens in the communities in which we operate;
- We actively support and respect the protection of internationally proclaimed human rights and ensure we are not complicit in human rights abuses;
- We strive to respect the environment and undertake initiatives to promote greater environmental responsibility.

### **Canada sets up green task force**

AEGON Canada has set up a task force, known as the Green To Go committee, to reduce the organization's impact on the environment and promote awareness and recycling. The committee has already introduced reusable coffee mugs and other cutlery, taken steps to recycle more waste and switched the company over to eco-friendly paper.

### **AEGON staff step in to help Cedar Rapids flood victims**

In June 2008, Cedar Rapids - the location of AEGON's headquarters in the United States - was hit by a devastating flood. In the immediate aftermath of the flood, 1,200 employees - around a third of the workforce - volunteered to help with disaster relief. The town was one of the hardest hit in floods that left thousands homeless across several Midwest states. AEGON employees, agents and business associates also raised some USD 700,000 to support recovery efforts in the town. Matching funds from the AEGON Transamerica Foundation brought that amount to over USD 1.5 million - money that will help provide support for the victims of the flood. AEGON also helped the local government in Cedar Rapids, providing office space for meetings, volunteers to help coordinate emergency relief efforts and technical support for a special website set up to help those affected by the disaster.

As part of the company's broader objective to reduce its impact on the environment, AEGON's country units are pursuing individual initiatives, aimed at limiting waste generation and consumption of energy and other raw materials. These initiatives include:

- In the Netherlands and the United States, AEGON saved a total of 8.4 million KWh in electricity in 2008 - the equivalent of approximately 4,800 metric tonnes in CO<sub>2</sub> emissions - by using new technology to reduce the number of computer servers the company needs. Similar technology is also being used at other AEGON operations in the Americas, Europe and Asia;
- AEGON The Netherlands uses only Forestry Stewardship Council (FSC), Eco Management & Audit Scheme (EMAS) or Elemental Chlorine Free (ECF) paper;
- In partnership with the tree protection organization Arbor Day Foundation, AEGON's US subsidiary Diversified Investment Advisors, based in Purchase, New York, launched a campaign to encourage customers to sign up for e-statements, reducing printing and mailing costs and helping protect woodland in the United States;
- In 2009, AEGON UK will launch a new food waste composting scheme, which will significantly reduce the amount of waste being sent to landfill sites;
- In the United States, Transamerica Insurance & Investment Group became 'carbon neutral' by purchasing offsets through The Climate Trust, based in Portland, Oregon;
- AEGON USA will introduce a pilot program to increase recycling at the company's Cedar Rapids headquarters in 2009. The Cedar Rapids offices already have an agreement to switch company buildings over to generators during times of peak demand to allow the local power utility to divert electricity to other users;
- An energy savings program resulted in considerable economies at AEGON offices in Baltimore belonging to subsidiaries Monumental Life and AEGON Direct Marketing Services.

Alongside country unit initiatives, AEGON has also decided to set up a global Green Team. In 2009, the objective of the Green Team will be to develop a company-wide resource management program, aimed at reducing AEGON's total consumption of electricity, gas, paper and water. Members of the Green Team will be drawn primarily from AEGON's operating units in the United States, the Netherlands and the United Kingdom. During 2009, the Green Team will discuss the possibility of setting specific company-wide targets for reducing the AEGON's consumption of energy and other raw materials.

### Corporate philanthropy

AEGON supports a wide variety of good causes and charitable organizations. These range from research into cancer and other serious illnesses to education for disadvantaged children and financing music and the arts. Most of AEGON's charitable donations in the United States are channeled through AEGON USA's non-profit organization, the AEGON Transamerica Foundation.

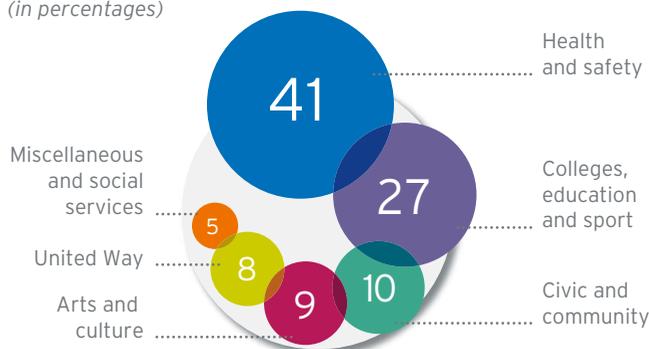
In 2008, AEGON donated a total of EUR 10.68 million. This amount includes a one-time gift in the United States of USD 3 million. Of this total, USD 2.5 million was donated to Johns Hopkins University to fund a professorship in prostate cancer research and a further USD 500,000 to the Baltimore music college, the Peabody Institute. During 2008, AEGON-CNOOC, the company's joint venture in China, donated EUR 100,000 to help victims of the earthquake in Sichuan province.

Of total donations, most went to projects and organizations in the following areas:

- Health and safety;
- Colleges, education and sport;
- Civic and community.

### Donations

(in percentages)



In 2008, the four leading recipients of donations from AEGON were<sup>1</sup>:

### Organization

Organization	Location	Amount	Category
United Way	United States	873,000	Various
Right To Play	The Netherlands	1,120,000	Colleges, education and sport
Johns Hopkins University	United States	2,274,000	Health and safety
Iowa State University	United States	341,060	Colleges, education and sport

<sup>1</sup> Please note that this table includes donations of over EUR 300,000 only.

### AEGON helps build clinics in rural China

In 2007, AEGON teamed up with the Red Cross to launch a program to build clinics in rural China. Since then, eleven clinics have been built in the provinces of Guizhou, Jiangsu, Beijing, Zhejiang and Hunan, most in hard-to-reach mountain villages.

### AEGON donates Christmas card funds to Médecins sans Frontières

Instead of traditional Christmas cards, AEGON sends out electronic cards every year, donating the money it saves to a good cause. In 2007, the company donated EUR 45,000 to Save The Children. In 2008, the money - EUR 50,000 - went to Médecins sans Frontières, an international medical humanitarian organization that delivers emergency aid to people around the world affected by armed conflict, epidemics, healthcare exclusion and natural and man-made disasters.

<b>Fighting cancer</b>	For years, AEGON companies have helped support the fight against cancer. In 2008, AEGON companies in the United States, the Netherlands, the United Kingdom, and Canada contributed approximately EUR 2.97 million in total. Most of the funds went toward an international cancer research program, involving scientists at the Johns Hopkins Oncology Center in Baltimore, the Vrije Universiteit Medical Center in Amsterdam and the University Medical Center in Utrecht. AEGON also helps fund a separate research program in China between Johns Hopkins and Nanjing University in the center of the country. Alongside cancer, AEGON companies also fund projects around the world that help tackle other serious illnesses, including Alzheimer's, strokes, heart disease and diabetes.
<b>War Trauma Foundation</b>	AEGON continued its support in 2008 for the War Trauma Foundation - an international organization set up to provide psychological counseling and treatment for children and adults affected by war and terror around the world. Based in the Netherlands, the Foundation currently supports projects in areas such as the Mid-East, Afghanistan, Angola, the Great Lakes region of Africa and Brazil.
<b>Arts and culture</b>	Each year, AEGON makes significant contributions to arts and culture. In classical music, the company helps support the Residentie Orkest, The Hague's resident orchestra, and the Baltimore Symphony in the United States. AEGON also makes donations to the Mauritshuis, one of the Netherlands' most prestigious museums, as well as the Rembrandt Foundation, which helps keep major works of Dutch art in the Netherlands. In Hungary, AEGON supports major art and literary awards.
<b>Right To Play</b>	In 2008, AEGON formed a new global partnership with Right To Play to help children in deprived areas of Sudan, Uganda, Ghana and China. AEGON donated EUR 1 million as part of three-year partnership with the international humanitarian organization. Right To Play uses sport and play programs to improve health, develop life skills and foster peace for children and communities in some of the most disadvantaged areas of the world.
<b>United Way</b>	Founded more than a hundred years ago, United Way is a network of more than 1,300 locally governed charities stretching across the United States and Canada. In 2007, United Way raised over USD 4 billion for projects aimed primarily at promoting health and education and providing financial stability and independence. AEGON donates money to United Way organizations in several US states, including California, Florida, Iowa, Maryland and Texas as well as in Toronto, Canada.

**Economic, social and environmental indicators**

Data contained in the table on page 41 covers AEGON operations in the following countries: the United States, the Netherlands, the United Kingdom, Taiwan, Spain, Slovakia, Poland, India, Hungary, the Czech Republic, China, Canada and Romania.

All information in the table refers to 100% of AEGON's global workforce. Environmental statistics, however, have been extrapolated from data covering less than 100% of all employees.

## Economic, social and environmental indicators

	Unit of measurement	2008	2007	2006
<b>Economic</b>				
Total income	EUR million	7,526	45,576	47,491
Total charges	EUR million	8,611	42,535	43,552
Net income	EUR million	(1,082)	2,551	3,169
Underlying earnings before tax	EUR million	1,573	2,639	2,426 <sup>1</sup>
Operating earnings before tax	EUR million	(46)	2,367	3,341
Value of new business after tax	EUR million	837	927	775
Basic earnings per share	EUR	(0.92)	1.47	1.87
Total dividend per share	EUR	0.30	0.62	0.55
Total assets under management (excluding off balance sheet investments third parties)	EUR million	235,881	275,716	271,668
Total SRI assets under management	EUR million	828	1,078	800
SRI assets/total assets	Percent	0.25	0.39	0.29
Employment expenses	EUR million	1,899	1,903	1,821
<b>Environmental</b>				
CO <sub>2</sub> emissions (from gas and electricity consumption)	Metric tonnes	88,954	84,383	77,225
CO <sub>2</sub> emissions per employee	Metric tonnes per person	2.83	2.77	2.69
Gas consumption	Million cubic meters	4.9	4.5	4.3
Electricity consumption	GWh	152	146	143
Business travel by air	Million kilometers	134.6	126.4	104.3
CO <sub>2</sub> emissions due to air travel	Metric tonnes	17,318	14,470	12,510
CO <sub>2</sub> emissions per employee	Metric tonnes per person	0.55	0.60	0.47
Paper consumption	Metric tonnes	4,990	5,753	5,201
Paper consumption per employee	Kilograms	159	189	181
Use of recycled paper	Percent	14	14	10
Water use	Cubic meters	487,030	451,848	428,415
Water use per person per day	Liters	67	65	65
Waste	Metric tonnes	4,516	4,084	4,035
Recycled waste	Percent of total waste	54	52	59
<b>Human resources</b>				
Total employees		31,425	30,414	28,726
Female/male employees	Percent	54.3 / 45.7	52.5 / 47.5	51.2 / 48.8
Female/male senior managers	Percent	23.3 / 76.7	22.0 / 78.0	14.9 / 85.1
Part-time employees	Percent	12.1	9.6	9.2
Training days	Days per employee	4.19	4.16	4
Training costs	EUR million	19.9	17.6	17.1
Training costs per employee	EUR per employee	645	580	597
Absentee rate	Percent of workforce	2.5	2.8	3.1
<b>Community</b>				
Donations	EUR million	10.7	9.6	9.0

<sup>1</sup> Pro forma.

Figures in parentheses denote losses or negative amounts.

# Contents

Appendix I _____	43
Appendix II _____	44
Appendix III _____	45
Appendix IV _____	46
Global Reporting Initiative Index (G3) - AEGON 2008 _	47

# Appendix I

## **The scope of AEGON's 2008 Corporate Responsibility Report**

- The financial information contained in this report has been taken from AEGON's 2008 Annual Report and refers to all AEGON companies. All financial and employee information is identical to that contained in AEGON's Annual Report 2008;
- Unless otherwise stated, environmental and social information refers to all AEGON operations around the world. Only those joint ventures where AEGON does not have management control are excluded;
- This Report covers the full year 2008 unless specifically stated otherwise. AEGON's previous Corporate Responsibility Report was published in April 2008;
- This Corporate Responsibility Report 2008 was developed by Group Corporate Communications, part of AEGON's Group Corporate Communications & Investor Relations department;
- The contents of this Report are based on the results of comprehensive reporting from AEGON's country units. These units are responsible for collecting and submitting all data used in this report. All information is aggregated at Group level;
- This Report was compiled with the assistance of AEGON's consultants, Triple Value, based in The Hague, the Netherlands;
- AEGON's Corporate Responsibility Report 2008 contains information from thirteen countries: Canada, China, the Czech Republic, Hungary, India, the Netherlands, Poland, Romania, Slovakia, Spain, Taiwan, the United Kingdom and the United States.

# Appendix II

## **Global Reporting Initiative**

The Global Reporting Initiative (GRI) was set up in late 1997. Its aim is to develop accepted and comparable standards for corporate economic, environmental and social reporting. GRI works with an extensive network of experts in dozens of countries around the world, representing different disciplines and interests.

AEGON's Corporate Responsibility Report 2008 covers most GRI indicators relating to the company's main areas of activity in the CR field. Based on existing guidelines and the GRI's G3 standards, AEGON assesses the Application Level of this 2008 Report as 'B', unchanged from 2007. Please see page 47 for a detailed assessment of AEGON's performance under the GRI index.

## Appendix III

### AEGON's global workforce

At the end of December 2008, AEGON had a global workforce of 31,425 employees, an increase of 3.3% from 30,414 twelve months previously.

Country unit	Agents	Employees	Total 2008	Total 2007	Change %
AEGON USA	1,641	12,786	14,427	14,437	0.07
AEGON Canada	0	645	645	720	(10.4)
AEGON The Netherlands	945	5,226	6,171	6,200	(0.5)
AEGON UK	121	5,068	5,189	4,990	4.0
AEGON Taiwan	758	490	1,248	1,290	(3.3)
AEGON China	605	517	1,122	944	18.9
AEGON Spain	0	237	237	222	6.8
AEGON Hungary	20	1,201	1,221	1,073	13.8
AEGON Poland	0	246	246	192	28.1
AEGON Romania	0	48	48	30	60.0
AEGON Slovakia	0	88	88	58	51.7
AEGON Czech Republic	0	81	81	67	20.9
AEGON Turkey	356	80	436	n/a	n/a
AEGON India	0	12	12	n/a	n/a
Holdings and other activities	0	254	254	191	33.0
<b>TOTAL</b>	<b>4,446</b>	<b>26,979</b>	<b>31,425</b>	<b>30,414</b>	<b>3.3</b>

n/a - not applicable. AEGON's operations in Turkey and India were not active in 2007.

Figures in parentheses denote negative amounts.

# Appendix IV

## AEGON's portfolio of brands

Main brands	Other brands	Joint ventures	Intermediaries
<ul style="list-style-type: none"> <li>■ AEGON</li> <li>■ Transamerica</li> </ul>	<ul style="list-style-type: none"> <li>■ Stonebridge (United States)</li> <li>■ TKP Pensioen (Netherlands)</li> <li>■ OPTAS (the Netherlands)</li> <li>■ AEGON Scottish Equitable (United Kingdom)</li> <li>■ HS Admin (United Kingdom)</li> <li>■ Guardian (United Kingdom)</li> <li>■ Monumental Life (United States)</li> <li>■ Western Reserve Life (United States)</li> <li>■ Financieel Verder (the Netherlands)</li> </ul>	<ul style="list-style-type: none"> <li>■ AEGON-CNOOC (China)</li> <li>■ AEGON Industrial Fund Management (China)</li> <li>■ La Mondiale (France)</li> <li>■ Seguros Argos (Mexico)</li> <li>■ BT AEGON (Romania)</li> <li>■ AEGON Taishin (Taiwan)</li> <li>■ AEGON Religare Life Insurance (India)</li> <li>■ Caja de Ahorros del Mediterráneo (Spain)</li> <li>■ Caja Navarra (Spain)</li> <li>■ Caja de Badajoz (Spain)</li> <li>■ Caja Cantabria (Spain)</li> <li>■ Caja Terrassa (Spain)</li> </ul>	<ul style="list-style-type: none"> <li>■ Unirobe Meeùs Groep (the Netherlands)</li> <li>■ Origen (United Kingdom)</li> <li>■ Positive Solutions (United Kingdom)</li> <li>■ World Financial Group (United States)</li> <li>■ InterSecurities (United States)</li> <li>■ Nedasco (the Netherlands)</li> </ul>

# Global Reporting Initiative Index (G3) - AEGON 2008

<b>Strategy and analyses</b>		<b>Chapter</b>	<b>Page</b>
1.1	CEO statement	Letter from the CEO	3
1.2	Key impacts, risks, and opportunities	Who we are and what we do	4
		Our approach to sustainability - Progress report 2008	9
		Our Shareholders - Managing risk	21
<b>Organizational profile</b>			
2.1	Name organization	Cover CR Report 2008	cover
2.2	Products and services	Who we are and what we do	4
2.3	Operational structure	Our Shareholders - Corporate governance	24
2.4	Location headquarters	Contact information	52
2.5	Countries located	Who we are and what we do - Our businesses	5
2.6	Nature of ownership and legal form	Website (www.aegon.com)	
2.7	Markets	At a glance	
		Who we are and what we do - Our businesses	5
		Appendix IV: AEGON's portfolio of brands	46
2.8	Size of operations	Who we are and what we do - Our businesses	5
		Appendix III: AEGON's global workforce	45
2.9	Organizational changes	Not applicable	n/a
2.10	Awards	Our approach to sustainability - How AEGON ranked in 2008	10
<b>Reporting parameters</b>			
3.1	Reporting period	Our approach to sustainability - Scope of this report	9
		Appendix I: the scope of AEGON's Corporate Responsibility Report 2008	43
3.2	Previous report	Appendix I: the scope of AEGON's Corporate Responsibility Report 2008	43
3.3	Reporting cycle	Appendix I: the scope of AEGON's Corporate Responsibility Report 2008	43
3.4	Contact person(s)	Appendix I: the scope of AEGON's Corporate Responsibility Report 2008	43
3.5	Process report content	Appendix I: the scope of AEGON's Corporate Responsibility Report 2008	43
3.6	Scope	Appendix I: the scope of AEGON's Corporate Responsibility Report 2008	43
3.7	Scope limitations	Appendix I: the scope of AEGON's Corporate Responsibility Report 2008	43
3.8	Basis for reporting on joint ventures	Appendix I: the scope of AEGON's Corporate Responsibility Report 2008	43
3.9	Data measurement techniques	Our approach to sustainability - Scope of this report	9
		Appendix I: the scope of AEGON's 2008 Corporate Responsibility Report	
3.10	Re-statements	Not applicable	n/a
3.11	Reporting changes	Appendix I: the scope of AEGON's Corporate Responsibility Report 2008	43
3.12	Standard Disclosures	Appendix II: Global Reporting Initiative	44
3.13	Policy external assurance	Our approach to sustainability - Progress report 2008	9
		AEGON's Stakeholder Panel	11

CONTINUATION >

> CONTINUATION

<b>Governance, commitments, and engagement</b>		<b>Chapter</b>	<b>Page</b>
4.1	Governance structure	Our Shareholders - Corporate governance	24
4.2	Chair of the highest governance body	Our Shareholders - Corporate governance	24
4.3	Independent members	Our Shareholders - Corporate governance	24
4.4	Mechanisms for shareholders and employees	Annual Report 2008, available on website (www.aegon.com)	
4.5	Compensation highest governance body	Annual Report 2008, available on website (www.aegon.com)	
4.6	Processes to ensure conflicts of interest are avoided	Website (www.aegon.com)	
4.7	Expertise highest governance body	Website (www.aegon.com)	
4.8	Internally developed statements	Our approach to sustainability; website (www.aegon.com)	8
4.9	Procedures of the highest governance body	Annual Report 2008, available on website (www.aegon.com)	
4.10	Performance, highest governance body's	Annual Report 2008, available on website (www.aegon.com)	
4.11	Precautionary approach	Our Employees - Code of Conduct	32
4.12	Externally developed principles	Our Shareholders - Investing responsibly: AEGON as a shareholder	25
4.13	Memberships of associations	Our Customers - Minimum standards for intermediaries Our Shareholders - Investing responsibly: AEGON as a shareholder	14 25
4.14	List of stakeholder groups	Our Business Partners - Stakeholder groups	34
4.15	Identification and selection of stakeholders	Our Business Partners - Stakeholder groups	34
4.16	Approaches to stakeholder engagement	AEGON's Stakeholder Panel Our Business Partners - Stakeholder groups	11 34
4.17	Key topics through stakeholder engagement	AEGON's Stakeholder Panel Our Business Partners - Stakeholder groups	11 34

**Economic performance indicators**

EC 1	Direct economic value	At a glance Website (www.aegon.com)	
EC 2	Financial implications due to climate change	Our Shareholders - Investing responsibly: AEGON as a shareholder	25
EC 3	Coverage benefit plan obligations	Annual Report 2008, available on website (www.aegon.com)	
EC 4	Financial assistance received from government	Who we are and what we do - The global financial crisis	6
EC 6	Locally-based suppliers		
EC 7	Local hiring		
EC 8	Infrastructure investments		

CONTINUATION >

> CONTINUATION

Environmental performance indicators		Chapter	Page
EN 1	Weight of materials used	Wider community - Protecting the environment	36
EN 2	Recycled input materials	Wider community - Protecting the environment	36
EN 3	Direct energy consumption	Wider community - Protecting the environment	36
EN 4	Indirect energy consumption	Wider community - Protecting the environment	36
EN 5	Energy saved due to conservation and (add.) efficiency improvements	Wider community - Protecting the environment	36
EN 8	Total water use	Wider community - Protecting the environment	36
EN 11	Location land in protected areas	Not applicable	n/a
EN 12	Significant impacts on biodiversity	Not applicable	n/a
EN 16	Direct and indirect greenhouse gas emissions	Wider community - Protecting the environment	36
EN 17	Other relevant indirect greenhouse gas emissions	Wider community - Protecting the environment	36
EN 19	Emissions of ozone-depleting substances		
EN 20	NOx, SOx air emissions		
EN 21	Total water discharge		
EN 22	Total weight of waste	Wider community - Protecting the environment	36
EN 23	Total spills	Not applicable	n/a
EN 26	Initiatives to mitigate environmental impacts	Wider community - Protecting the environment	36
EN 27	Products reclaimed at the end of the products' life	Not applicable	n/a
EN 28	Monetary value of significant fines	Our Customers - Mis-selling	14
EN 29	Significant environmental impacts of (add.) transport	Wider community - Protecting the environment	36

**Social indicators**

**Economic performance indicators**

LA 1	Breakdown of total workforce	Our Employees; Appendix III; AEGON's global workforce	45
LA 2	Employee turnover	Our Employees - Employee turnover	28
LA 4	Employees covered by collective bargaining	Our Business Partners - Stakeholder groups	34
LA 5	Minimum notice period(s) regarding operational changes		
LA 7	Rates of injury, occupational diseases, lost days, and absenteeism	Our Employees - Absentee rates	32
		Our Employees - Work-related injuries	32
LA 8	Risk-control programs regarding serious diseases	Our Employees - Absentee rates	32
LA 10	Training per employee category	Our Employees - Recruitment, training and performance appraisals	29
LA 11	Programs for skills management and (add.) lifelong learning	Our Employees - Recruitment, training and performance appraisals	29
LA 12	Performance and career development (add.) reviews	Our Employees - Recruitment, training and performance appraisals	29
LA 13	Gender breakdown of governance bodies	Our Employees - Recruitment, training and performance appraisals	29
LA 14	Ratio of basic salary of men to women	Our Employees - Non-discrimination	30
		Our Employees - Salary structures	30

CONTINUATION >

> CONTINUATION

Human rights		Chapter	Page
HR 1	Significant investment agreements that include human rights clauses	Our Shareholders - Investing responsibly: AEGON as a shareholder	25
HR 2	Screening of suppliers on human rights	Our Business Partners - Selection of suppliers	34
HR 4	Incidents of discrimination	Our Employees - Non-discrimination	30
HR 5	Operations identified as having risk for incidents of violations of freedom of association and collective bargaining	None identified	
HR 6	Operations identified as having risk for child labor	None identified	
HR 7	Operations identified as having risk for forced labor	None identified	

Society

SO 1	Impact on communities	Wider community	36
SO 2	Number of business units analyzed for risks related to corruption	Our Business Partners - Tackling corruption	35
SO 3	Employees trained in organization's anti-corruption policies and procedures	Our Employees - AEGON's Code of Conduct	32
SO 4	Actions taken in response to incidents of corruption	None identified	
SO 5	Public policy positions and participation in public policy development	Our Business Partners - Stakeholder groups	34
SO 8	Monetary value of significant fines	None	

Product responsibility

PR 1	Improving health and safety impacts across life cycle	Not applicable	n/a
PR 3	Product information and labeling	Our Customers - Products	12
		Our Customers - Customer satisfaction	13
		Our Customers - Brand awareness	16
PR 5 (add.)	Customer satisfaction	Our Customers - Customer satisfaction	13
PR 6	Marketing communications	Our Customers - Distribution	18
PR 9	Monetary value of significant fines	Our Customers - Customer complaints	14

CONTINUATION >

> CONTINUATION

<b>Financial services sector specific performance indicators</b>		<b>Chapter</b>	<b>Page</b>
FS 1	Policies with environmental and social components	Our Customers - Minimum standards for intermediaries	14
		Our Employees - AEGON's Code of Conduct	32
		Our Business Partners - Selection of suppliers	34
		Wider community - Protecting the environment	36
		Our Shareholders - Investment Strategy	26
		Our Business Partners - Stakeholder groups	34
FS 2	Procedures for assessing and screening environmental and social risks	Our Shareholders - Investment strategy	
FS 3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements	Our Business Partners - Stakeholders groups	
FS 4	Processes for improving staff competency to implement the environmental and social policies and procedures	Our Employees - AEGON's 'In Practice' program	33
FS 5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	Our Business Partners - Stakeholders groups	34
FS 6	Percentage of the portfolio for business lines by specific region, size and by sector	Who we are and what we do	4
FS 7	Monetary value of products and services designed to deliver a specific social benefit	Our Shareholders - Investing responsibly: AEGON as a shareholder	25
FS 8	Monetary value of products and services designed to deliver a specific environmental benefit	Our Shareholders - Investing responsibly: AEGON as a shareholder	25
FS 9	Coverage and frequency of audits to assess implementation of environmental and social policies		
FS 10	Percentage and number of companies which have interacted with the company on environmental and social issues	Our Shareholders - Investing responsibly: AEGON as a shareholder	25
FS 11	Percentage of assets subject to positive and negative environmental and social screening		
FS 12	Voting policies applied to environmental and social issues	Our Shareholders - Investing responsibly: AEGON as a shareholder	25
FS 13	Access points in low populated or economically disadvantaged areas	Our Customers - Helping customers on low incomes	13
FS 14	Initiatives to improve access to financial services for disadvantaged people	Our Customers - Helping customers on low incomes	13
FS 15	Policies for the fair design and sale of financial products and services	Our Customers - Modifying product specifications	15
FS 16	Initiatives to enhance financial literacy	Our Customers - Financial literacy	17

CONTINUATION >

> CONTINUATION

Disclosure on management approach		Chapter			
Materiality	Responsibility	Objectives and performance	Policy	Training	Monitoring
<b>Economic</b>					
Economic performance	Executive	Annual Report	Annual Report	Annual Report	Annual Report
Market presence	Board	Annual Report	Annual Report	Annual Report	Annual Report
<b>Environment</b>					
Paper	Management	7.1			7.1
Energy	Board	7.1	7.1		7.1
Water		7.1	7.1		7.1
Waste		7.1	7.1		7.1
<b>Labor rights</b>					
Non-discrimination	Management	5.3	5.3	5.11	5.3
Diversity	Board	5.3	5.3	5.11	5.3
Training		5.2	5.2		5.2
Fair wages		5.4	5.4		5.4
Employee satisfaction		5.9	5.9		5.9
Health and safety		5.8	5.8		5.8
<b>Human rights</b>					
Ensuring basic human rights and freedoms	Management Board	4.6	4.6		4.6
<b>Society</b>					
Customers	Management	3	3		3
Distribution partners	Board	3.10	3.10		3.10
Suppliers		6.1	6.1		6.1
Government and regulators		6.3	6.3		6.3
Community engagement		7.2	7.2		7.2
<b>Product responsibility</b>					
Compliance	Management	3.1	3.1	3.1	3.1
Product transparency	Board	3.1	3.1	3.1	3.1
Financial literacy		3.9	3.9	3.9	3.9
Investing responsibly		4.6	4.6		4.6

Key: Each number above refers to a specific chapter and section within the CR Report. For example 7.1 refers to chapter 7, first section. Chapters are as follows: 1. Who We Are and What We Do, 2. Our Approach to Sustainability, 3. Our Customers, 4. Our Shareholders, 5. Our Employees, 6. Our Business Partners, 7. The Wider Community.

**CONTACT INFORMATION**

**HEADQUARTERS**

AEGON N.V.  
AEGONplein 50  
P.O. Box 85  
2501 CB The Hague  
The Netherlands  
Telephone: + 31 70 344 32 10  
www.aegon.com

AEGON welcomes opinions on both the content of this report and the company's overall performance in the corporate and social responsibility field. Comments and opinions should be sent to: [response@aegon.com](mailto:response@aegon.com)

# Forward-looking statements

The statements contained in this Corporate Responsibility Report that are not historical facts are forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. The following are words that identify such forward-looking statements: believe, estimate, target, intend, may, expect, anticipate, predict, project, counting on, plan, continue, want, forecast, should, would, is confident, will, and similar expressions as they relate to AEGON. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. AEGON undertakes no obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which merely reflect company expectations at the time of writing. Actual results may differ materially from expectations conveyed in forward-looking statements due to changes caused by various risks and uncertainties. Such risks and uncertainties include but are not limited to the following:

- Changes in general economic conditions, particularly in the United States, the Netherlands and the United Kingdom;
- Changes in the performance of world financial markets, including emerging markets, such as with regard to:
  - The frequency and severity of defaults by issuers impacting AEGON's fixed income investment portfolios; and
  - The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in the value of equity and debt securities held;
- The frequency and severity of insured loss events;
- Changes affecting mortality, morbidity and other factors that may impact the profitability of AEGON's insurance products;
- Changes affecting interest rate levels and continuing low or rapidly changing interest rate levels;
- Changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates;
- Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;

- Changes in laws and regulations, particularly those affecting AEGON's operations, the products the company sells, and the attractiveness of certain products to AEGON's consumers;
- Regulatory changes relating to the insurance industry in the jurisdictions in which AEGON operates;
- Acts of God, acts of terrorism, acts of war and pandemics;
- Changes in the policies of central banks and/or governments;
- Litigation or regulatory action that could require AEGON to pay significant damages or change the way the company does business;
- Customer responsiveness to both new products and distribution channels;
- Competitive, legal, regulatory, or tax changes that affect the distribution cost of or demand for AEGON's products;
- AEGON's failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving initiatives; and
- The impact the adoption of the International Financial Reporting Standards may have on AEGON's reported financial results and financial condition.

Further details of potential risks and uncertainties affecting the company are described in the company's filings with Euronext Amsterdam and the US Securities and Exchange Commission, including the Annual Report on Form 20-F. These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## COLOPHON

Consultancy and design  
Text and production  
Typesetting  
Printing  
Binding

Dart | Brand guidance & Design, Amsterdam (NL)  
AEGON Group Corporate Communications (NL)  
Dart | Brand guidance & Design, Amsterdam (NL)  
Habo DaCosta bv (NL)  
Hexspoor (NL)



CORPORATE RESPONSIBILITY  
REPORT **2008**