

**United Nations Global Compact  
2011 Communication on Progress**  
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***Sustainable success***

*'As a financial services provider and investor, Delta Lloyd Group recognises its corporate social responsibility. We are accountable for our efforts and initiatives in this respect to our customers and to the companies in which we invest. The activities of Delta Lloyd Group have a direct bearing on our customers' daily lives. Delta Lloyd Group therefore aims to develop and offer products and services that testify to its involvement and integrity, striking the right balance between entrepreneurial spirit and social responsibility.'*

*Delta Lloyd Group sees commercial success and sustainability as inextricably linked. For us, sustainability boils down to contributing to sustainable value creation for the benefit of all our relevant stakeholders (customers, employees, intermediaries, shareholders, suppliers, business partners, regulators and civil society organisations). Our approach focuses on the ambition to promote the development of our employees and society (people), a healthy environment (planet) and profitable economic growth (profit). While the market conditions for financial services providers remain extremely complex, financial sustainability is increasingly the decisive criterion in the purchase of products and services and in investment decisions.*

*In this second "Communication on Progress", Delta Lloyd Group outlines the steps it has taken in 2011 and endorses with conviction the United Nations Global Compact and its ten principles.'*

*Niek Hoek,*  
*Executive Board Chairman, Delta Lloyd Group*



## About Delta Lloyd Group

### Solid partner

Delta Lloyd Group is an expert, reliable and solid financial services provider. We have a single goal: to offer security to our customers, now and in the future. Our product and service offering covers the areas of insurance, pensions, investing and banking. We not only target consumers, but small and large companies, multinationals and pension funds as well. At Delta Lloyd Group, commercial success starts with sound entrepreneurship and integrity, financial solidity, a strong focus on long-term objectives and advanced risk management. In this way, we protect our good reputation, earn the trust of our customers and ensure financial stability.

Delta Lloyd Group has a long-standing tradition as a responsible company dating back more than 200 years. The recurring theme is: doing the right thing. What is good for our customers, is good for all our relevant stakeholders and for us too.

### Five priorities

We translate our sustainability policy into concrete objectives and initiatives. This approach focuses on five priorities: customer interest, integrity, community involvement, good employment practices and the environment.

#### Customer interest

- Delta Lloyd Group aims to deliver simple and clear products and services, which genuinely benefit the customer.
- The customer's interest must come first in advice offered through all distribution channels.
- All efforts in this respect allow for fair customer treatment, clear product information and a long-term relationship with the customer.
- Sustainable entrepreneurship and a customer-centric approach promote a good reputation, which is essential for building and maintaining the trust in, and commercial success of, Delta Lloyd Group.

#### Integrity

- Society and the market require financial services providers to act with integrity, comply with laws and regulations, and live up to values and principles.
- Essential to this is a strict fraud prevention policy. We require the same from our partners and suppliers.
- Delta Lloyd Asset Management pursues a socially responsible investment policy.

#### Community involvement

- Delta Lloyd Group is aware of its important position in society. This is evidenced by its support for community activities.
- We use our financial expertise to benefit society, with a strong focus on financial self-reliance, notably through the Delta Lloyd Group Foundation.

#### Good employment practices

- Employee knowledge, expertise and engagement are crucial to Delta Lloyd Group's realisation of its ambitions.
- The sustainable nature of Delta Lloyd Group's HRM policy is reflected in, among other things, our active commitment to personal development, diversity and health & safety.

#### Environment

- Delta Lloyd Group aims to minimise the impact of its business processes on the environment.

- The four focus areas in the environmental policy are: climate change, energy saving, waste prevention and mobility management.

## **Responsible investment**

Delta Lloyd Group recognises its social responsibility as an investor. Responsible investing is structurally embedded in our investment policy. After all, as an investor, we invest in the future: through our investment funds, the capital of the Delta Lloyd Group operating companies and the equity of our institutional customers. We believe in the approach we are taking. Delta Lloyd Group's responsible investment policy applies to all asset classes and to all funds and portfolios managed by Delta Lloyd Asset Management.

## **Sustainable entrepreneurship**

Sustainability is an integral part of the business strategy and is laid down in the sustainability agenda 2010-2012 of Delta Lloyd Group. The sustainability agenda for 2010-2012 runs until 2013. Towards the end of 2012, the agenda will therefore be redefined and presented to the Executive Board for decision-making. In order to implement our sustainability policy and ambitions within an internal structure, a management information system has been developed for recording and monitoring the most important sustainability objectives. In this way we can manage the progress made in realising our ambitions and objectives. The implementation of sustainability actions and objectives is entrusted to the directors who are responsible for customer interest, integrity, community involvement, good employment practices and the environment. Based on the formulated policy, in the first half of 2011 we started devising sustainability performance indicators and incorporating these into the variable remuneration policy of all Delta Lloyd Group directors and managers.

## **Reporting method**

As part of our sustainability policy, we have already reported on our results and objectives for more than five years. The 2011 Annual Report highlights how we give shape to our sustainability policy and thus clearly defines to all relevant stakeholders what the Group means by sustainability and how sustainability has been embedded in its operations.

This 'Communication on Progress' is based on the developments in 2011. The integrated 2011 Annual Report of Delta Lloyd Group provides more insight into our policy, our objectives and our results in the field of sustainability.

Delta Lloyd Group reports according to the guidelines drawn up by the Global Reporting Initiative. The GRI-index, as included in the 2011 Annual Report, contains all the key indicators and relevant additional indicators.



## 1. Human rights

<b>Principle 1</b>	Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
<b>Principle 2</b>	make sure they are not complicit in human rights abuses

### Policy-based approach

Delta Lloyd Group is active in two European local markets: the Netherlands and Belgium. These countries subscribe to international laws and agreements in the field of human rights, such as the International Declaration of Human Rights.

Human rights are universal and wide-ranging: they encompass civil and political rights as well as economic, social and cultural rights. Human rights are enshrined in UN charters and in the OECD Guidelines for Multinational Enterprises. Private sector organisations are obliged to respect human rights and to encourage others to uphold them. Delta Lloyd Group respects all forms of human rights and expects the companies in which it invests to do the same. Before making an investment or adding positions to its portfolio, Delta Lloyd Group will verify whether the company concerned is or has been complicit in human rights abuses.

### Actions in 2011

In 2011, Delta Lloyd Group decided to subscribe to a number of international charters and guidelines. Delta Lloyd Asset Management signed the United Nations Principles for Responsible Investments (UNPRI) at the end of 2010. The UNPRI network, set up in 2006, is a fast-growing international group of investors dedicated to integrating the environment, society and good governance into their investment policies.

In 2011, Delta Lloyd Group applied its exclusion criteria relating to illegal arms more strictly. The Delta Lloyd Asset Management Responsible Investment Policy outlines the definitions and criteria we apply. The independent international institute for sustainability research, Sustainalytics, provides input on the involvement of companies in the manufacture of, or trade in, illegal arms.

In 2011, Delta Lloyd Group adopted a policy to combat “land-grab” in the context of its sustainable investment strategy. As a responsible investor, Delta Lloyd is keen to contribute to the public debate on agricultural investments, based on the following basic principles:

I. Delta Lloyd Group supports international initiatives and guidelines aimed at combating “land-grab” and improving the practice of agricultural investments.

Delta Lloyd endorses the need for broadly supported principles aimed at promoting sustainable investment in agriculture and in the food chain.

II. Delta Lloyd Group is committed to adopting a considered approach with regard to agricultural investments. It sees it as extremely important that a responsible attitude is taken to people, culture and nature, and believes that investments should help to improve global food security. This requires appropriate legislation and the availability of sound legal and financial support. These aspects weigh heavily in Delta Lloyd Group’s decisions to make investments in companies that are involved in agricultural investments.

III. Whenever Delta Lloyd Group participates in agricultural investments, it carries out a detailed due diligence survey: i.e. have the basic principles of responsible investment in agricultural land been satisfied and is there pre-agreed, voluntary and well-informed support from the local population? Prior to the adoption of a single set of internationally accepted investment

principles, Delta Lloyd Group will, where appropriate, apply the most relevant criteria in line with the principles outlined above.

The Delta Lloyd Group Suppliers Code of Conduct was revised in 2011 and resubmitted to our top 100 suppliers for signature. Delta Lloyd Group also asks its suppliers to subscribe to the Delta Lloyd Suppliers Sustainability Code of Conduct. It regards its suppliers as an integral part of the value chain it provides. It encourages the application of high legal, ethical, environmental and employee-based standards among its suppliers and aims to monitor the actions they take. The revised code is posted on the corporate website.

In 2011, Delta Lloyd Group again actively contacted businesses concerning the principles and agreements or expectations relating to responsible investment. Delta Lloyd Group believes in constructive dialogue. It regularly enters into dialogue with the companies it visits and analyses. It also takes an active and committed approach to the sustainability policy of the businesses in which it invests.

The voting policy in relation to 5% interests is geared to value creation through responsible, consistent and transparent voting practice.



## 2. Labour standards

<b>Principle 3</b>	Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining;
<b>Principle 4</b>	the elimination of all forms of forced and compulsory labour;
<b>Principle 5</b>	the effective abolition of child labour; and
<b>Principle 6</b>	the elimination discrimination in respect of employment and occupation.

### Policy-based approach

Delta Lloyd Group believes it is vital for men and women to have the opportunity to engage in decent and productive work under free, equal, safe and dignified conditions. It therefore endorses the right to employment and good working conditions for both its own employees and for the staff of the companies in which it invests. Businesses that seriously violate these rights are excluded from investment.

### Actions in 2011

In 2011, Delta Lloyd Group conducted the Employee Motivation Survey (EMS) among its staff in the Netherlands and Belgium. A total of 4,547 employees completed the questionnaire, a response rate of 77%. The high response points to extremely strong involvement in this issue among employees and managers. In general, Delta Lloyd Group employees are motivated, and Delta Lloyd Group has managed to retain staff loyalty. However, motivation declined slightly compared to 2010. This mainly related to the working atmosphere, the division as employer, and the internal provision of information. The last item was the most important aspect about which Delta Lloyd Group employees were less satisfied in 2011 than in 2010.

The Delta Lloyd Group collective labour agreement (CAO), including the Social Plan, for employees in the Netherlands ran to 1 January 2012. Talks with the trade unions on a new CAO and social plan and a new agreement for all Delta Lloyd Group employees will be held early in 2012.

In 2011, Delta Lloyd Group carried out two studies as agreed with the trade unions. The first was a study into a life cycle-aware human resources policy. It was agreed to view and assess the many tools currently available for this purpose in their overall context. The second study explored the opportunities for creating a flexible pool for older employees. As society is gradually becoming used to the idea that we must all work longer, Delta Lloyd Group wants to encourage initiatives aimed at keeping older employees in work. This subject was also included in the talks on the new CAO and the new social plan.

### 3. Environment

<b>Principle 7</b>	Businesses should support a precautionary approach to environmental challenges;
<b>Principle 8</b>	undertake initiatives to promote greater environmental responsibility; and
<b>Principle 9</b>	encourage the development and diffusion of environmentally friendly technologies.

#### Policy-based approach

Sustainable investment and sustainable activities are based on a concern for the environment and for human health. Delta Lloyd Group makes a contribution to the protection of the ecosystem. This is reflected both in our own environmental footprint and in the exclusion from investment of companies that repeatedly or seriously violate the environmental principles of the Global Compact. Delta Lloyd Group also monitors compliance with international standards and guidelines by the companies in which it invests.

#### Actions in 2011

In the environmental policy for the 2009-2012 period, the four focus areas are climate change, energy saving, waste prevention and transport management. Delta Lloyd Group has committed to offsetting the CO<sub>2</sub> emissions released as a result of energy consumption in its offices, the use of lease and pool cars and business travel by plane and train. Despite Delta Lloyd Group's efforts to reduce its CO<sub>2</sub> emissions, some remain unavoidable. This is fully offset annually through the purchase of carbon credits, generated by climate-friendly projects. One important goal when selecting these projects is that they should also make a positive contribution to local communities. Projects aimed at offsetting CO<sub>2</sub> emissions are selected on an annual basis.

In 2011, we opted to make a distinction between green power and carbon offset power. Green power is electricity that is renewably generated and procured (e.g. solar or wind energy). Carbon offset power is conventional power whose CO<sub>2</sub> emissions have been offset by the energy company. In 2011, green power accounted for 24.2%, carbon offset power for 64.4% and conventional power for 11.2% of Delta Lloyd Group's energy consumption. The remaining conventional power is used in rented buildings whose owners have not yet switched over to purchasing green or carbon offset power. Electricity consumption for Delta Lloyd Group as a whole decreased by 5% in 2011, due to the fall in the number of employees and energy-saving measures.

In its environmental policy, Delta Lloyd Group has committed to reducing the environmental impact of business travel annually. In 2011, the environmental impact of transport decreased. This applies both to CO<sub>2</sub> emissions per kilometre driven and to the share of lease cars with A, B or C labels. One important reason was that the reduction in the number of FTEs also led to a decrease in the number of lease cars.

Delta Lloyd Group aims to raise the share of recyclable residual materials to 70% of total waste in 2012. This recycling percentage is achieved through improving the separate waste collection process and introducing separate collection of new recyclable flows wherever possible. Waste collection systems are in place at all locations, staff are given relevant instructions and the Group works closely with waste processing companies to monitor actual waste collection. In 2011, the collection of coffee cups was introduced at one of the locations, the collection of swill (catering leftovers) was improved and the collection of drinks cans and coffee cups was started at Delta Lloyd Life in Belgium. The total amount of waste decreased by 2.3%. In 2011, waste

registration underwent substantial changes. Hazardous waste and several recyclable residual flows are now also recorded.



#### **4. Anti-corruption**

<b>Principle 10</b>	Businesses should work against corruption in all its forms, including extortion and bribery.
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##### **Policy-based approach**

Corruption is based on the misuse of power and has a disproportionately heavy impact on poor and disadvantaged groups. In the business sector, corruption also threatens the reputation and financial position of companies. Delta Lloyd Group therefore strictly monitors the businesses with which it has dealings or in which it invests, to ensure that they are not involved in corruption, extortion or bribery.

##### **Actions in 2011**

Delta Lloyd Group feels it is important that management actively promote conduct and integrity. We call this the 'tone at the top'. Rules and regulations alone are not enough; communicating and discussing them is at least as important. In 2011, the focus was on increasing fraud awareness among employees and promoting fraud prevention.

In 2011, Delta Lloyd Group published the Integrity Code of Conduct in the form of a booklet ('What I may and may not do'). It prescribes both practical and mandatory rules of behaviour. The booklet outlines the basic legal and ethical principles in combination with the applicable rules. The code of conduct booklet fits in seamlessly with the three core values of Delta Lloyd Group: honest, approachable and we work together.

We want to do the right thing as a company and we attach great importance to the integrity of our employees' behaviour. The focus on increasing fraud awareness has yielded results and is reflected in the much higher savings from preventive actions by employees. Measured by the method of the Dutch Association of Insurers (*Verbond van Verzekeraars*), fraud prevention led to cost savings of € 11.3 million in 2011.

In 2011, Delta Lloyd Group formulated and adopted the Measures Policy. This policy guarantees uniformity in the measures that are taken. The principal guideline is that Delta Lloyd Group pursues a zero tolerance policy for all cases of internal and external fraud and related incidents. Measures can vary from employee disciplinary action (in the case of internal fraud), reports to the authorities, notification of the Insurance Fraud Disclosure Office (*Fraudeloket*) of the Dutch Association of Insurers or the Supervisor, and inclusion in a special register to cancellation of the insurance policy or termination of the relationship.