

United Nations Global Compact
Delta Lloyd Group
2010 communication on progress
13 April 2011

Sustainable success

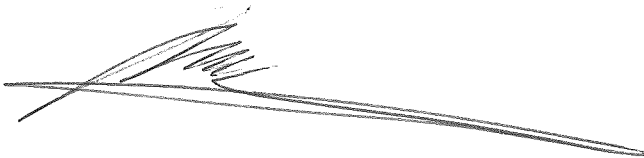
'We are a sustainable financial services provider where security and solid development come first. As a financial services provider, our primary ambition is to be reliable for our customers, our shareholders, our employees, society and our business partners. We want to deliver products and services that are genuinely useful to people and that we would gladly sell to our own family and friends. It's simply a question of doing the right thing in business.

We also use our financial expertise for the benefit of society, in particular to raise financial literacy, through the activities of the Delta Lloyd Group Foundation. And Delta Lloyd Group aims to be included in the Dow Jones Sustainability Index in 2012.

Delta Lloyd Group therefore subscribes with conviction to the Global Compact of the United Nations. The ten principles strike a chord with us and fit seamlessly with our vision on sustainability.

In this "Communication on Progress" we describe the steps we made in 2010.'

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

A handwritten signature in black ink, appearing to read 'Niek Hoek', with a long horizontal line extending to the right.

1. General

Trusted partner

Delta Lloyd Group is an expert, reliable and accessible 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

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 and earn the trust of our customers.

We aim to be transparent and ethical in all our activities, to take account of all dimensions of sustainable development and to responsibly assess the interests of all stakeholders.

Delta Lloyd Group has been a trusted partner for insurance, pensions, banking and investing since as early as 1807 and is now primarily active in the Netherlands and Belgium with a staff of 6,100 permanent employees.

Five priorities

Delta Lloyd Group has defined five priorities for sustainability. The chapter on sustainability in the 2010 annual report is organised according to these priorities:

- **Customer interest** – Delta Lloyd Group offers its customers security by responding to their needs, providing a high level of service, upholding agreements and applying a good complaints procedure.
- **Integrity** – Delta Lloyd Group puts integrity, professionalism and legal compliance first in all its business dealings.
- **Good employment practices** – Delta Lloyd Group ensures employee engagement by offering a varied working environment, challenging jobs and training.
- **Community involvement** – Delta Lloyd Group contributes to the creation of a more sustainable Dutch society and promotes the financial self-reliance of its members.
- **Environment** – Delta Lloyd Group aims to reducing the impact of its business activities on the environment.

Responsible investment

Delta Lloyd recognises its social responsibility as an investor. In this role, we are accountable to our customers and the companies in which we invest. Responsible investment ties in with the core values of the Delta Lloyd Group, and has been

structurally embedded in the investment policy. To this end, Delta Lloyd Asset Management has signed the United Nations Principles for Responsible Investment (UNPRI).

Delta Lloyd Asset Management invests responsibly by deliberately targeting all its direct investments (for own risk) at long-term value creation, based on environmental, social and governance criteria.

Delta Lloyd Group does not invest in companies that have repeatedly and/or seriously violated the United Nations principles. Violators of the United Nations principles include companies involved in:

- the production of controversial weapons;
- child and/or forced labour;
- serious environmental pollution;
- human rights violations;
- non-recognition of trade unions; or
- corruption.

On the grounds of the above criteria, Delta Lloyd Asset Management excluded about 60 companies in 2010. In making its recommendations, the responsible investment committee uses the research of Sustainalytics, an international institute for sustainability research.

Dow Jones Sustainability Index

Delta Lloyd Group aims to be included in the Dow Jones Sustainability Index (DJSI) in 2012. This internationally recognised index tracks the most sustainable companies in specific sectors. Inclusion in the DJSI is seen as “gaining recognition from capital markets for your sustainability performance”.

the SAM Group, an analyst for DJSI, invited Delta Lloyd Group to take part in the ‘life insurers’ category. For 2010, Dow Jones selected 37 companies from this sector for an assessment to qualify for inclusion in the indices of DJSI Europe and DJSI World.

Based on the completed questionnaires, Dow Jones calculates an overall score for all companies in a specific sector. These overall scores are used to compile the indices.

About the reporting method

This ‘Communication on Progress’ is based on the developments up to and including 2010. Commercial and sustainable entrepreneurship are inextricably linked in the vision of Delta Lloyd Group. This is underlined in our integrated 2010 annual report, in which we provide more insight into our policy, our objectives and our results in the field of sustainability.

Delta Lloyd Group reports according to the guidelines and standard disclosures drawn up by the Global Reporting Initiative. The GRI-index, as included in the 2010 annual report, contains all the key indicators and relevant additional indicators.

Delta Lloyd Group reports on all the relevant indicators and the Financial Services Sector Supplement of the GRI key indicators, and provides transparency in such areas as vision, objectives, results and progress of sustainability policy. This year, Delta Lloyd Group will submit its sustainability report to the GRI for verification at B+ level as an organisational stakeholder.

Delta Lloyd Group uses a management information system to gather and process the relevant quantitative and qualitative sustainability data. Data gathering is coordinated at corporate level. The figures for the 2010 report came from the responsible divisions within Delta Lloyd Group, and were gathered by Group Finance & Control.

2. Human Rights

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

Delta Lloyd Group is active in two 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.

Integrity is an essential condition for good corporate governance and one of Delta Lloyd Group's core values. It is supported by legislation and regulations, industry-based codes of conduct and Delta Lloyd Group's own codes of conduct.

The compliance function is responsible for the management and coordination of compliance activities at Group level to ensure that all parts of the Group abide by the applicable legislation and regulations. This includes formulating codes of conduct, mostly based on national and EU legislation, policy guidelines issued by the regulatory authorities and codes of conduct developed by the financial services sector.

Delta Lloyd Asset Management subscribes to the United Nations Principles for Responsible Investment. Investments in companies that violate the accompanying principles are excluded. Delta Lloyd Group does not invest in companies that have repeatedly and/or seriously violated the United Nations principles, including those related to human rights violations.

Delta Lloyd Group asks its suppliers to sign the Delta Lloyd Suppliers Sustainability Code of Conduct. This code also includes human rights.

Actions in 2010

The Chief Procurement Officers (CPOs) of a number of private and public companies, including Delta Lloyd Group, have drawn up the 'Socially Responsible Procurement and Entrepreneurship Manifesto'. The signatories of the Manifesto state their intention to pursue sustainable procurement in order to encourage the provision of socially responsible products and services, thus contributing to socially responsible entrepreneurship.

Delta Lloyd Group holds a 5% interest in a number of companies. The total managed capital in these companies in 2010 was approximately € 3 billion (2009: € 2.3 billion). In order to comply with the provisions of the Dutch corporate governance code, Delta Lloyd Group votes, wherever possible, at the general shareholders' meetings of

companies in which it holds a 5% interest. These 5% interests are investments for the long term and constitute a core part of the investment portfolio and the capital base of the operating companies engaging in insurance activities. Delta Lloyd Group makes use of its voting right to influence the policy of the company in question and seeks to promote value creation through responsible, consistent and transparent voting behaviour. The same applies to companies in which Delta Lloyd has an interest of at least € 25 million (in terms of capital). Delta Lloyd Group regularly consults about corporate governance and the sustainability of business operations with all companies in which it has a 5% interest.

3. Labour

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

Policy

Attracting, retaining and developing highly skilled and motivated staff is key to Delta Lloyd Group's HR policy. Within this context, management (as well as the employees themselves) is responsible for the deployment, development and well-being of staff. The aim is to ensure that the right people are in the right position at the right time, and that Delta Lloyd Group is regarded as 'the employer of choice'.

Delta Lloyd Group's ambition calls for talented, motivated and well-trained employees and managers. It is important that people develop and make the right career choices, so that their role and career are in tune with their background, aspirations and development. The employees themselves are responsible for making choices in their personal and career development. This requires an attitude characterised by cooperation, receptiveness to criticism, and a willingness to change and evolve.

All Delta Lloyd Group employees and newly recruited staff can opt to do a voluntary personal development scan when they join the Group and every three years thereafter.

The diversity policy of Delta Lloyd Group is aimed at creating a corporate culture that promotes diversity, pleasant working conditions and the freedom to share and pursue different points of view. The objectives are: balanced male/female ratio in leadership positions, equal development opportunities for ethnic and non-ethnic staff and stimulation of the deployment of older employees.

The prevention of child labour and discrimination also forms part of Delta Lloyd Group's investment policy.

Actions in 2010

Delta Lloyd Group created the Diversity Talent Working Group. The purpose of the programme is to identify multicultural talents who have the potential to move to a

specialist or management role. A new group of mentors and mentees was started up in 2010.

To facilitate anytime, anywhere working for employees of Delta Lloyd Group, the roll-out of virtual workstations was initiated in 2010. This enables employees to arrange flexible working hours and achieve a better work-life balance.

Lloyd's Ladies is the women's group that was launched at Delta Lloyd Group in 2008 to promote a more enjoyable and congenial working climate for women within Delta Lloyd Group. By the end of 2010, 295 female employees had joined the group. Lloyd's Ladies encourages women within the Group to adopt a stronger and more self-aware stance, make their voices heard and showcase their talents. Lloyd's Ladies also aims to act as a sparring partner for management and executives in discussions concerning opportunities for, and the position of, women within Delta Lloyd Group.

Outcomes

In 2010, Delta Lloyd Group held an Employee Motivation Survey (formerly the Employee Satisfaction Survey; last held in 2008). The response rate (76%) was extremely high. The survey focused primarily on the extent to which the employees feel connected to and proud of their company and on what motivates them most.

The survey revealed that the motivation of the employees held up well, with their sense of connection to the company actually improving several points. Employees are satisfied with their job content and employer. The 2010 survey was the first to include an external benchmark (financial services sector in the Netherlands and Belgium). This showed that Delta Lloyd Group also scores well on the above issues compared to other financial services providers. The working atmosphere received a slightly lower score compared to 2008. The employees were also less satisfied with such aspects as workplace and workload.

Based on the outcomes of the EMS 2010, all business units selected four points for improvement and initiated improvement measures.

Employees are proud of Delta Lloyd Group and their own business unit, according to the ECQ online survey held in May 2010. A total of 821 Delta Lloyd Group staff from various divisions and job grades completed the questionnaire. Employees are as pleased as ever to be a part of Delta Lloyd Group (score of over 70%), while their pride in their own business unit is even higher, at almost 80%.

In 2010, women comprised 44% of the workforce at Delta Lloyd Group, up from 43% in 2009. The male / female ratio among team leaders was 65% men to 35% women, among managers 73% men to 27% women, and among directors 85% men to 15%

women. The total number of positions at manager and director level declined as a result of the organisational simplification initiated in 2010.

4. Environment

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

Policy

Delta Lloyd Group is aware of the impact of its activities on the environment. The challenge it faces is to manage and reduce this impact responsibly. 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 CO₂ 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. The Group also makes every effort to minimise its existing CO₂ emissions and purchases green electricity.

New projects (furnishing and equipping buildings and IT) will be carried out according to cradle-to-cradle concepts (a design approach that assumes future re-use of the materials used) insofar as possible.

Delta Lloyd Group has committed to reducing the environmental impact of business travel by 3% annually, starting in 2010. Delta Lloyd Group's transport policy in the Netherlands concentrates on the following aspects:

- restricting transport use (e.g. video conferencing, home working facilities);
- limiting car use (stimulating public transport and bicycle use);
- reducing pollution caused by cars (eco-friendly lease car fleet);
- encouraging eco-friendly transport.

Delta Lloyd Group is committed to using paper in a responsible and energy-efficient way. Where possible, this is done by restricting paper consumption and increasing the use of paper made from renewable sources. Delta Lloyd Group has set itself the target of reducing its paper consumption by 3% per year between 2009 and 2012.

Prevention and separation are the key aims of Delta Lloyd Group's waste management policy. Waste collection systems are in place at all locations, and staff are given relevant instructions. Waste prevention is chiefly targeted at paper, which represents the biggest waste stream.

Delta Lloyd Group expects its suppliers to be committed to sustainability as well. Sustainability has become a standard selection criterion for every contract tendering procedure. The Delta Lloyd Group Suppliers Sustainability Code of Conduct forms part of the Group's supplier selection process, purchasing conditions and purchasing agreements. Suppliers are requested to sign and comply with the Code.

Actions in 2010

Delta Lloyd Group takes specific measures aimed at energy efficiency, eco-friendly transport and climate-aware products. The target is to reduce CO₂ emissions by 2% annually over the coming years. Delta Lloyd Group's Dutch offices under own management and the offices of ABN AMRO Insurance are run on 100% green electricity. In 2010, Delta Lloyd Belgium Life and Delta Lloyd Belgium Bank switched to green electricity.

Delta Lloyd Group is pursuing responsible energy consumption through active energy management. Improving the energy efficiency of Delta Lloyd Group's office buildings is an ongoing priority for Facility Management Services.

Delta Lloyd Group has signed up to the MJA3 (Multi-Year Energy Efficiency Agreement) for the banking and insurance sector. This agreement between the Dutch government and financial services providers is aimed at efficient energy consumption in the 2001–2020 period.

In signing the MJA3, Delta Lloyd Group has committed to making its buildings 30% more energy-efficient and achieving a corresponding reduction in CO₂ emissions, with 2020 as target year and 2005 as base year. The year 2010 marked the start of implementation of the energy efficiency plans, which were compiled in the context of the MJA3 agreements in 2009.

To reduce the number of business trips, Delta Lloyd Group is making more use of remote communication. Since 2007, video conferencing facilities have been available at various locations. The Virtual Workstation initiative kicked off in April 2010. This allows employees to log into the Delta Lloyd Group network from any location with Internet access.

Delta Lloyd Group encourages its employees to make use of alternatives to car travel by offering attractive schemes for public transport season tickets, the Mobility Mixx travel card and company bicycles. All employees in the Netherlands with a lease car make use of a combined mobility card for fuel, travel by train, taxi and rented bicycle, as well as P+R parking. In 2008, Delta Lloyd Group became the first company to embrace this initiative. Further incentives to use this card were put in place in 2010.

Delta Lloyd Netherlands introduced one electric company vehicle in 2010; a charging pole was set up near the Toorop building in Amsterdam.

The Chief Procurement Officers (CPOs) of a number of private and public companies, including Delta Lloyd Group, have drawn up the 'Socially Responsible Procurement and Entrepreneurship Manifesto'. The signatories of the Manifesto state their intention to pursue sustainable procurement in order to encourage the provision of socially responsible products and services and thus contribute towards socially responsible entrepreneurship.

Outcomes in 2010

CO₂ emissions of Delta Lloyd Group

<i>In 1,000 kg</i>	2010	2009	2008
vehicle fleet and rail transport	5,700	6,292	7,424
air transport	115	157	250
energy consumption	4,933	8,860	8,315
Total	10,748	15,309	15,989

The breakdown of CO₂ emissions per FTE in 2010 is as follows: energy consumption, 0.81 tonne (2009: 1.28 tonnes); vehicle fleet and rail transport, 0.92 tonne (2009: 0.95 tonne); and air transport, 0.02 tonne (2009: 0.03 tonne).

Total CO₂ emissions in 2010 (10,748 tonnes) fell by 29.8% compared with 2009 (15,314 tonnes). Total CO₂ emissions per FTE in 2010 amounted to 1.75 tonnes (2009: 2.21 tonnes).

The unavoidable volume of CO₂ emitted by all the business units of Delta Lloyd Group is offset annually through the purchase by Aviva plc 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 CO₂ emissions are selected each year.

The aggregate energy consumption for the Netherlands and Belgium decreased in 2010 compared to 2009.

Since 1 February 2008, the standard copier and printer paper of Delta Lloyd Group in the Netherlands has been FSC-certified. This also applies to the paper used for outsourced printing and copying as well as for envelopes.

FSC-certification guarantees that paper with the FSC logo has been produced from sustainably managed forests. In 2011, the PEFC (Programme for the Endorsement of

Forest Certification) label was added to paper from approved sources (<http://www.pefcnederland.nl>). Delta Lloyd has also become a member of PEFC Netherlands.

The total volume of waste in the Netherlands fell 11% from 1,063 tonnes in 2009 to 954 tonnes in 2010. The total share of recyclable residue waste (paper, board, organic household waste, glass, furniture and plastic coffee cups) increased slightly in line with the target, from 56% in 2009 to 57% in 2010.

5. Anti-Corruption

Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Policy

Delta Lloyd Group makes every effort to prevent and detect fraud. It attaches great importance to maintaining the integrity of its business and aims to increase the integrity of the insurance sector as a whole through its own fraud policy.

Delta Lloyd Group does not invest in companies that have repeatedly and/or seriously violated the United Nations principles, including the anti-corruption principle.

Actions in 2010

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 to the Insurance Fraud Disclosure Office (*Fraudeloket*) of the Dutch Association of Insurers or inclusion in a special register to cancellation of the insurance policy or termination of the relationship.

Group Integrity sees to the consistent application of the risk management framework within Delta Lloyd Group. The integrity framework comprises management, monitoring and reporting activities and is designed to safeguard the integrity of the organisation, including the prevention of serious fraud, circumvention of rules and misconduct by employees and management.

In 2010, the final step was made towards the adoption of a uniform approach to fraud and crime prevention for the entire Delta Lloyd Group. The Group Integrity/Financial Crime Unit is entrusted with this task. Since 2010, a Fraud Desk has been set up at each of the three major Delta Lloyd Group locations, namely Amsterdam, Arnhem and Zwolle. All suspicions of fraud can be reported to and investigated at these Desks.

In 2009, the fraud policy was revised and an incidents policy was established. The latter policy explains where and in what way incidents can be reported and how they are registered, processed and dealt with.

In 2010, the Anti-Corruption Policy was set up and all measures were put in place to meet the conditions for the Customer-Focused Insurance Quality Label.

Delta Lloyd Group is committed to creating an open and integrity-based environment in which all employees can report malpractice or suspected malpractice without fear of compromising their position. The whistleblower policy was revised in 2009. The new version offers more security to the notifier and now guarantees anonymity.

Delta Lloyd Group investigates internal and external fraud and other incidents, and conducts fact-finding investigations to establish whether the reported incident, and hence the claim, is covered by the policy.

Outcomes in 2010

- A 44% increase in the number of insurance claims investigated (external fraud).
- An over 70% increase in the number of preventive investigations (i.e. preventive actions by employees of Delta Lloyd Group). This was achieved thanks to heightened fraud awareness; the preventive fraud savings were over twice as high as in 2009.
- Introduction of integrity screening for new employees, including temporary staff. In 2010, 976 individuals underwent this screening, of whom 13 were rejected.
- Expansion of integrity screening among intermediaries and suppliers.
- In 2010, 37 notifications were submitted to the Integrity Disclosure Office concerning suspected or known infringements of the standards governing integrity (2009: 54) and five whistleblower reports (no reports in 2009).
- In 2010, there were 1,197 disclosures of suspected fraud in the various business units. These disclosures saved the company € 6.5 million in claim payouts, according to the measurement method used by the Dutch Association of Insurers. At € 2.7 million, this amount was significantly lower in 2009.
- In 2010, 1,135 incidents of external fraud were confirmed. These external fraud cases saved € 5.2 million in claim payouts.
- In 2010, 394 fact-finding investigations were carried out, saving the company € 4.8 million in claim payouts.

The ambition for 2011 is to achieve increased savings principally through prevention activities.