

A blurred photograph of two businesswomen walking through a modern office lobby. The women are in the foreground, moving from left to right. The background features a light-colored wall with horizontal lines and recessed ceiling lights. To the left, a portion of an orange sofa and a white coffee table are visible.

CORPORATE RESPONSIBILITY REPORT 2003

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CHAIRMAN'S LETTER

Dear reader,

Respect, quality, transparency and trust constitute AEGON's core values as we continually strive not only to meet, but exceed, the high expectations of our customers, employees, shareholders and other stakeholders. As such, it is our pleasure to present you with AEGON's first Corporate Responsibility Report as a way to more thoroughly outline our ongoing commitment to these fundamental business principles.

At AEGON, corporate responsibility is an inherent part of our day-to-day operations. The Code of Conduct, which the Executive Board approved in 2002, set forth a comprehensive set of principles to address the broad scope of our business practices, as well as the values that guide our near and long-term objectives. This Corporate Responsibility report serves to formalize our position on corporate responsibility and provides a further opportunity to assert AEGON's commitment to good business practices as a sure path toward sustaining a platform for growth.

AEGON's Executive and Supervisory Boards, as well as its senior management, remain committed to building on the trust that has made it possible for AEGON to become a leading company in the field of life insurance, pensions, savings and investment products. As we pursue our mission of creating better futures for all stakeholders, AEGON's commitment to corporate responsibility will continue to inform our decisions, guide our actions and ultimately, determine our course as we explore new opportunities for profitable growth.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Donald J. Shepard". The signature is written in a cursive style and is positioned above the printed name and title.

Donald J. Shepard
Chairman of the Executive Board

1 STRATEGY AND RATIONALE

Creating a better future for all its stakeholders is central to AEGON's overall mission. An integral aspect of this is the belief that as a major international group, AEGON has a responsibility to contribute positively to the society and environment in which it operates. While profitable and sustainable growth is paramount, AEGON attaches equal importance to the manner in which that growth is achieved.

We are conscious that insurance companies play a key role in business and society. After all life insurance has a long-term focus. It can act as a bridge between generations, a way of preserving and planning, of transferring assets between relatives and individuals. As such, we realize our business has an important impact on people's lives and plays a central role in the sustainability of our society. Aware of this, we strive to create better futures for our stakeholders through living our core values: respect, quality, transparency and trust. We are also aware that principles and priorities vary according to geography and culture. For this precise reason we believe in a decentralized organization that shares an ethos of entrepreneurship, based on AEGON's values. A common framework of values and principles empowers each business or country unit to identify and focus on issues that are a priority in their own markets.

Although each market has its own sets of limitations and opportunities, we believe this decentralized and autonomous approach has been successful around the world. It has resulted in a wide range of national and local projects. Each country unit places corporate responsibility within their specific environment, setting their own priorities, conforming to local and national legislation. Country units have the autonomy to dictate those actions and projects that are tuned to local needs. This strategy results in projects, some of them award winners, which deliver environmental and social benefits and are complimentary to the core business.

To enable our decentralized structure to share a common underlying set of principles we established a group wide Code of Conduct, which is published on AEGON's corporate website (www.aegon.com). The Code of Conduct sets out a framework and standard of behavior to guide the manner of our business units in fundamental business production and delivery areas. We also encourage units to commit to projects, which match our core competencies, those of evaluating and managing risks and assets, of promoting preventive rather than remedial action. It is upon this practical and essential platform that AEGON bases its focus and priorities.

Our interpretation of corporate responsibility is based on how we, as a business, reply to the challenges and expectations being placed upon us by stakeholders. We know that creating empathy and understanding between people influenced by and dealing with our business, including our customers, shareholders, employees, business partners and communities, is good for business and for society at large. In this context corporate responsibility is an integral part of our daily operations.

By aligning corporate responsibility to our core operations, centered around insurance in general, AEGON inclines toward the preservation and accumulation of assets, preservation of health and minimization of the financial impact of accidents upon policyholders and their families. Consequently we actively support projects in medical research and social development. The sum of this support is encapsulated by four main projects: oncology research, Habitat for Humanity, War Trauma Foundation and the Alzheimer Center.

AEGON aspires to communicate on an on-going basis with stakeholders. We believe this first Corporate Responsibility Report, pulling and collating information from country units, with different local priorities, will be a step towards not only reporting on corporate responsibility performance but also identifying strengths and weaknesses across the whole corporate responsibility spectrum.

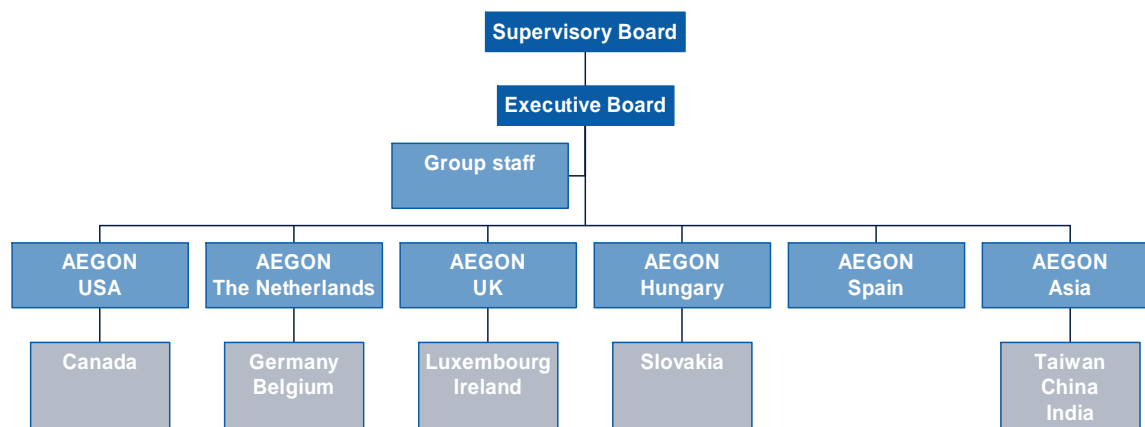
These general objectives have resulted in the following corporate responsibility agenda for 2004 and beyond:

- ◆ Better identification of corporate responsibility activities around the Group;
- ◆ Further improve the corporate responsibility data gathering process;
- ◆ Incorporate feedback on this first corporate responsibility report to improve in the future.

In our multi-domestic and decentralized organization the responsibility for the supply of information falls on the country units. Through the definition and implementation of a standard reporting mechanism, coupled with our existing corporate governance structure, our Group environmental policy and our stance and adherence to various codes, policies and practices, we believe we are in a good position to maintain our strong position as a responsible and sustainable company.

2 PROFILE

AEGON's management structure



2.1 AEGON profile

AEGON N.V. is the holding company of one of the world's largest listed insurance groups ranked by market capitalization and assets. The AEGON Group head office is in the Netherlands. At the end of 2003, AEGON companies employed around 28,000 people worldwide.

AEGON's business focuses on life insurance, pensions, savings and investment products. The AEGON Group is also active in accident and health insurance, general insurance, and has limited banking activities. AEGON's businesses encourage product innovation and reward value creation through a decentralized organization and endorse a multi-brand and multi-channel distribution approach.

For fuller details on AEGON's worldwide position please see the Historical Data section on the AEGON website (www.aegon.com).

Organization

The AEGON Group is a connected organization, operating through locally managed units in the markets it serves (a brief overview of markets is given in the section 'Key AEGON facts and figures'). The Executive Board is charged with the management of the company and is supported by Group staff. The Supervisory Board supervises the Executive Board.

2.1.2 Organizational developments

AEGON's three main markets are the United States, the Netherlands and the United Kingdom. In addition, the group is present in a number of other countries, including, Canada, China, Hungary, Spain and Taiwan.

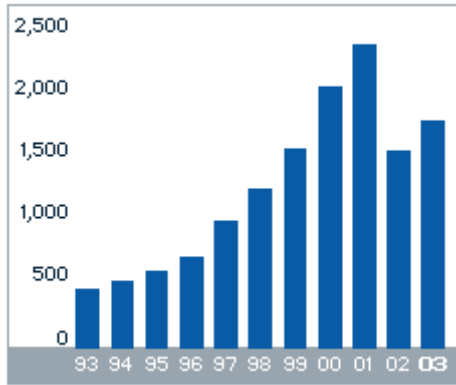
Growth is being pursued by extending the multi-channel distribution capacity. An example of this is the joint venture with Caja de Ahorros del Mediterráneo (CAM) in Spain that was announced in November 2003. This provides AEGON with exclusive access to CAM's banking network of over 850 branches.

In May 2003, AEGON started life insurance operations in the fast-growing insurance market of mainland China through the joint venture with the Chinese National Offshore Oil Corporation (CNOOC). During 2003, expansion has been made into Slovakia where AEGON has entered the life insurance market in the form of a greenfield operation and gained the regulatory approvals in June 2003.

In 2003, AEGON sold Transamerica Finance Corporation's (TFC) real estate tax service and flood hazard companies to The First American Corporation and in the beginning of 2004 the group concluded the sale of the commercial lending operations of TFC to General Electric. For the remaining TFC parts still owned, AEGON will continue to divest in order to realign AEGON's resources with its strategy focused on life insurance and pensions.

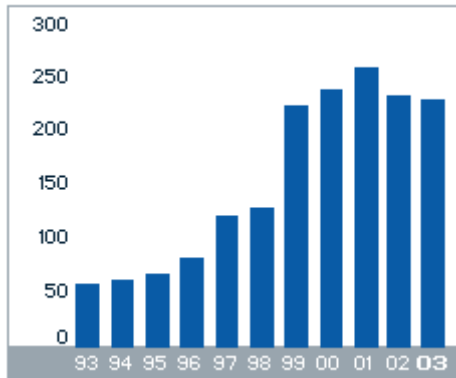
See the summary of some key AEGON figures regarding gross premiums, assets, net income and number of employees. More extensive information can be found in the Historical Data section of our website.

NET INCOME in EUR million



Source: REGON Annual Report 2003

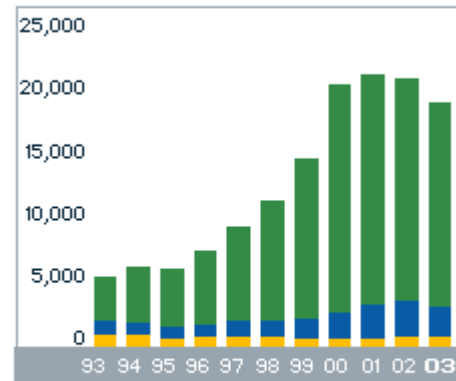
TOTAL ASSETS in EUR billion



Source: REGON Annual Report 2003

GROSS PREMIUMS BY ACTIVITY*

in EUR million



Source: REGON Historical Data 1993-2003

- Life insurance
- Accident and health insurance
- General insurance

* Liabilities are EUR 220 billion and embedded value amounted to EUR 17 billion as per the end of 2003. Please refer to the Annual Report 2003 on our website for the full financial statements.

2.2 Report scope

As stated previously, divergence does exist between markets, countries and cultures. AEGON country units, however, adopt the guidelines and principles set out by the AEGON Group. This Corporate Responsibility Report covers all major country units and all product and service lines. Financial information and information on the number of employees is identical as in the Annual Report 2003 and therefore covers the entire group.

Other information is retrieved through internal questionnaires and covers the entire organization with the larger exceptions being:

- ◆ The new operations mentioned before;
- ◆ The units that were sold in 2003 (Transamerica Finance Corporation);
- ◆ Meeùs, a Dutch insurance and financial intermediary owned by AEGON.

AEGON believes this report is a first step towards extending the group's reporting system by covering non-financial issues. AEGON aims to make more progress and strives to improve the manner of reporting and communications with shareholders and other stakeholders.

This report has been coordinated by the Group Corporate Responsibility department. We invite you to share your opinion on AEGON's corporate responsibility ambitions and reporting (e-mail: response@aegon.nl).

2.3 Report profile

For this first Corporate Responsibility Report the reporting guidelines of the Global Reporting Initiative (GRI) have served as a starting point. AEGON believes the GRI structure provides a uniform platform to follow that will enable different audiences to relate to the report. AEGON has chosen to focus on those GRI indicators it believes to be most relevant in the insurance sector. The contents of this report are based on a comprehensive internal corporate responsibility questionnaire and AEGON internal information systems.

This report is not audited by external accountants. Information in this report comes either from published reports such as the Annual Report 2003, or is based on the above-mentioned corporate responsibility questionnaire. Going forward, AEGON will consider the requirements and desirability of external verification and implement accordingly.

2.4 Disclaimer

Please read this notice carefully - it applies to all persons who read this Corporate Responsibility Report and, depending on who you are and where you live, it may affect your rights. You should read it in full.

The information in this Corporate Responsibility Report is intended to be useful and informative for customers of and investors in AEGON N.V. AEGON N.V. will use its best efforts to ensure that the information is accurate at the time it is added in this Corporate Responsibility Report.

All information in this Corporate Responsibility Report is information as of December 31, 2003. For the avoidance of doubt the Corporate Responsibility Report does not contain information from any date thereafter.

Certain information in this Corporate Responsibility Report may be of an historical nature. All historical information contained in this Corporate Responsibility Report should be understood as referring to events and circumstances as they existed on the date that the relevant documents or presentations were first published or the relevant recordings were made.

The information in this Corporate Responsibility Report that is not a historical fact is a forward-looking statement as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as 'believe', 'estimate', 'intend', 'may', 'expect', 'anticipate', 'predict', 'project', 'counting on', 'plan', 'continue', 'want', 'forecast', 'should', 'would', 'is confident' and 'will' and similar expressions as they relate to us are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. AEGON N.V. does not undertake any obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.

All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations, including, but 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 financial markets, including emerging markets, including:
 - The frequency and severity of defaults by issuers in our fixed income investment portfolios; and
 - The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in value of equity and debt securities we hold;
- ◆ The frequency and severity of insured loss events;
- ◆ Changes affecting mortality, morbidity and other factors that may affect the profitability of our insurance products;
- ◆ Changes affecting interest rate levels and continuing low interest rate levels;
- ◆ Changes affecting currency exchange rates, including 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 our operations, the products we sell and the attractiveness of certain products to our consumers;
- ◆ Regulatory changes relating to the insurance industry in the jurisdictions in which we operate;
- ◆ Acts of God, acts of terrorism and acts of war;
- ◆ Changes in the policies of central banks and/or foreign governments;
- ◆ Litigation or regulatory action that could require us to pay significant damages or change the way we do 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 our products;
- ◆ Our failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving initiatives.

Although AEGON N.V. obtains information from sources that are considered reliable, AEGON N.V. cannot guarantee the information's accuracy or completeness. AEGON N.V. accepts no liability for any losses or damage that may arise from relying on this information. The information may be changed by AEGON N.V. at any time. The information provided does not confer any rights. Dutch law shall apply.

All information provided by AEGON N.V. in this Corporate Responsibility Report (including via links to third party sites) does not represent an offer, investment advice or any kind of financial service.

3 MANAGEMENT STRUCTURE AND GOVERNANCE

3.1 Structure and governance

The AEGON Group is headquartered in the Netherlands. As a company under Dutch law, AEGON N.V is governed by three corporate bodies: the General Meeting of Shareholders, the Executive Board and the Supervisory Board.

3.1.1 General Meeting of Shareholders

A General Meeting of Shareholders is held at least once a year to discuss and resolve on subjects including the adoption of annual accounts, the approval of dividends and any appointments to the Executive Board and the Supervisory Board.

Every shareholder is entitled to attend the General Meeting of Shareholders and to speak and to vote in the meeting. In accordance with the Articles of Incorporation, requests to add subjects to the agenda of a General Meeting of Shareholders made by shareholders representing at least 0.1% of the issued common shares will generally be honored. Each outstanding share entitles the holder to one vote.

As a participant of 'Stichting Communicatiekanaal Aandeelhouders' (a Dutch foundation with the purpose of enhancing communication with and participation of shareholders at General Meetings) AEGON welcomes the possibility of voting by proxy. AEGON provides shareholders with proxy resolutions and voting materials via mail, to inform investors of issues for consideration at the company's General Meeting of Shareholders each year. Voting is an important responsibility and AEGON encourages each shareholder to carefully review the information and vote their proxy ballots. The company looks for best practices for the administration of the proxy process and will offer US shareholders the option to vote via the internet.

3.1.2 Executive Board

The Executive Board (EB) is charged with the management of the company. Each member has specific areas of interest within an allocation of duties. The number of members and terms of employment of the Executive Board are determined by the Supervisory Board. As at December 31, 2003 the four members of the Executive Board were: Donald J. Shepard, chairman, Joseph B.M. Streppel, Johan G. van der Werf and Alexander R. Wynaendts.

In 2003, Alexander Wynaendts was appointed a member of the Executive Board and Paul van de Geijn stepped down.

The Remuneration Policy for the Executive Board aims to create a reward structure that will allow the company to attract, retain and reward executives who will lead the continued growth, development and financial success of the company, as well as at providing those executives with a well-balanced and incentive compensation. This reward structure covers five elements: base salary, short-term incentive, long-term incentive, pension and other arrangements. The variable components are based on clear and measurable criteria set by the Supervisory Board. Additional information regarding compensation can be found as from page 117 in the Annual Report 2003 (see our website: www.aegon.com).

3.1.3 Supervisory Board

The Supervisory Board (SB) is entrusted with the supervision of the Executive Board and the general course of affairs and the business connected with it. The Supervisory Board consists of nine non-executive members, one of whom is a former member of the Executive Board. Remuneration of the members of the Supervisory Board is fixed by the General Meeting of Shareholders. During 2003, the SB members were: M. Tabaksblat, chairman, H. de Ruiter, vice-chairman, D.G. Eustace, O.J. Olcay, T. Rembe, W.F.C. Stevens, K.J. Storm, L.M. van Wijk and F.J. de Wit.

During 2003, Ms. Peijs stepped down as a member of the Supervisory Board following her appointment as the Minister of the Ministry of Transport, Public Works and Water Management of the Netherlands. Mr. Van Wijk was appointed as a member of the Supervisory Board as of April 17, 2003.

The Supervisory Board has in place four committees from among its members: the Audit Committee, the Compensation Committee, the Nominating Committee and the Strategy Committee. Findings of these committees are discussed in plenary sessions of the Supervisory Board. The names of the members of the committees can be found in our Annual Report (published on our website).

Information regarding compensation, common stock, stock options and stock appreciation rights for active and retired members of the Supervisory Board can be found as from page 117 in the Annual Report 2003 (see our website: www.aegon.com).

3.1.4 Corporate governance for the company

Under the minutes of the extraordinary General Meeting of Shareholders of May 9, 2003, AEGON has carried out changes to its corporate governance structure and AEGON's relationship with its major shareholder, Vereniging AEGON (Association AEGON) to increase authority of AEGON's common shareholders.

3.1.5 Corporate governance as an investor

In addition to AEGON's responsibilities to its shareholders and other stakeholders, the company is also an institutional investor – through its country units' asset management operations. As such, in deciding to exercise its rights as a shareholder of other listed companies, AEGON acts primarily in the interest of its policyholders and other ultimate beneficiaries of its products whilst giving due regard to the responsibility to the ultimate beneficiaries and investors in the companies in which it has invested.

AEGON UK has a detailed policy in place in relation to their exercise of voting rights. Besides outlining the principles what AEGON Asset Management UK considers good corporate governance, the policy specifies the voting guidelines for a number of general business topics such as remuneration and appointment of directors. AEGON The Netherlands has published on its website www.aegon.nl its existing policy regarding the

exercise of voting rights to the shares held in Dutch listed companies. In addition, starting in 2005 it is intended that a report on the implementation of this policy in any given financial year will be published on the website.

3.1.6 Corporate responsibility and the Code of Conduct

As a successor to the 2002 AEGON Inner Circle (an international working group on corporate responsibility), the Group Corporate Responsibility department was formed in late 2002. The main task of this department is to advise and assist the Executive Board regarding corporate responsibility and to coordinate and facilitate corporate responsibility across the AEGON Group. Johan van der Werf is the lead board member regarding corporate responsibility.

A head of corporate responsibility has been appointed in each country unit to assist and guide respective country CEOs. The role of the heads of corporate responsibility is additional to their normal tasks within the company. All heads of corporate responsibility are senior managers or directors within AEGON. Usually these heads of corporate responsibility are assisted by corporate responsibility managers or a corporate responsibility team, whose main roles are to:

- ◆ Manage corporate responsibility implementation and integration;
- ◆ Oversee data collection for corporate responsibility reporting;
- ◆ Monitor local activities and
- ◆ Manage implementation of AEGON's Code of Conduct.

More information on the Code of Conduct can be found on AEGON's website.

Changes in AEGON's Corporate Governance

Following internal discussions and after approval by shareholders, at an Extraordinary General Meeting of Shareholders on May 9, 2003, AEGON N.V. has changed its corporate governance with the purpose to modernize AEGON N.V.'s corporate governance structure and to give more authority to AEGON's common shareholders. AEGON considers these changes to be consistent with emerging global best practices in corporate governance nowadays.

The two most important changes are:

- ◆ AEGON N.V. will end its voluntary application of the Dutch 'large company regime', thereby leaving behind a corporate governance structure that dates back to a time when AEGON was mainly active in the Netherlands.
- ◆ Association AEGON will reduce its voting power under normal circumstance from 33% to 23% based on the general principle of one vote per common share and one vote per preferred share. In the event of a special cause, however, the association will be entitled to exercise its full voting rights of 33%.

AEGON N.V. believes this change is consistent with emerging global best practices in corporate governance.

AEGON and the Dutch Corporate Governance Code

In December 2003, the final version of the Dutch Corporate Governance Code was adopted. The code was prepared by a committee instituted for this purpose by the Minister of Finance and the Minister of Economic Affairs. Mr. Morris Tabaksblat, who is also chairman of AEGON's Supervisory Board, chaired the committee.

The code reflects the latest generally held views on good corporate governance and thus purports to provide Dutch listed companies a guide to improving their corporate governance.

AEGON has welcomed the institution of the Corporate Governance Committee and has actively participated in the discussions that accompanied the preparation of the code. AEGON endorses the code and intends to use the code and the principles contained therein to continue and intensify its on-going discussions with stakeholders on corporate governance.

More information can be found in the Annual Report 2003 (see our website: www.aegon.com).

Implementing the Code of Conduct in the USA

Early October 2003, Henry G. Hagan, President and CEO of AEGON USA's Monumental Division and country unit head for corporate responsibility, gave the USA CR Steering Committee the go ahead to introduce the AEGON Code of Conduct to all employees in the USA. The program's theme *-INTEGRITY in Action-* was selected to demonstrate that AEGON's core values, business principles and rules of conduct require action in order to have meaning. A series of communication tools featuring employee photos and quotes were distributed throughout the organization.

3.2 Stakeholder engagement

Management of corporate reputation and associated risks to corporate brands are increasingly important in carrying on any business within society. In addition, there are elements of global society that will query the role and activities of multi-national companies.

It is therefore an important part of corporate responsibility within AEGON that there is a constructive dialogue with a broad group of stakeholders. On group level AEGON talks with international governmental bodies, investor organizations, labor associations, as well as non-governmental organizations.

Furthermore, local management teams have their own responsibility in maintaining and strengthening their reputation. By having dialogues AEGON strives to be transparent and give the company 'a human face'. The overall objective is to build on the core values of respect, quality, transparency and trust.

3.3 Overarching policies and management systems

3.3.1 Accounting policies

Together with the International Accounting Standards Board (IASB) the insurance sector, amongst others, is looking for ways to enhance transparency. Apart from the financial information given in the Annual Report, AEGON has published the embedded value for the entire group since 2003 on its website www.aegon.com. This measure provides further insight about the current worth of operations.

3.3.2 Risk and reputation management

Over the past several years, AEGON has been strengthening its global risk management framework. Capital management has been a central function within AEGON for many years. AEGON has closely aligned its capital management with the risk management performed by the country units and will continue to do so.

These efforts continued in 2003, and now allow for a more pro-active and coordinated approach to risk and capital management within AEGON, which is demonstrated by the activities in 2003 by establishing the Group Risk and Capital Committee. Among other things, this committee approves group risk limit policies and monitors AEGON's risk position in light of the current economic environment.

Further, AEGON recognizes that a company's performance and profitability go hand in hand with good business practices. AEGON believes in giving proper consideration of wider responsibilities to the communities in which its operates. Successful corporate responsibility strategy, implementation and adherence to values must be led from the top. AEGON's senior management at both the Executive Board and country unit level are committed to living in accordance with the Code of Conduct, which emphasizes the core values respect, quality, transparency and trust.

3.3.3 Environmental management

AEGON acknowledges that it has a direct and indirect impact on the environment. At group level, environmental issues are considered part of corporate responsibility. Environmental policies are set at group level. Implementation of and compliance with environmental policies and the management of environmental matters are the responsibility of the country units. At group level, some energy use and waste data are aggregated and evaluated.

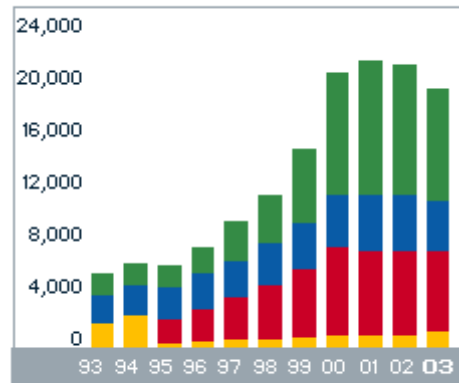
ISO 14001 certificate for AEGON The Netherlands

Since 2001, AEGON The Netherlands has an environmental management system that is ISO 14001 qualified. The system is registered by Lloyd's Register Quality Assurance Ltd. The management system covers the procurement and use of (green) energy, the use of chemical substances, building and machine maintenance and all waste streams. Currently, the ISO 14001 certification covers the two main buildings in The Hague and Leeuwarden.



4 ECONOMIC PERFORMANCE

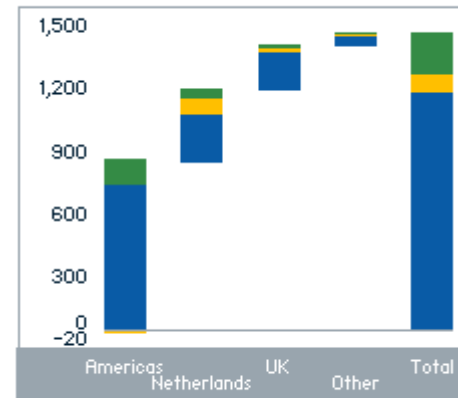
GROSS PREMIUMS GEOGRAPHICALLY
TOTAL in EUR million



Source: AEGON Historical Data 1993-2003

● Americas ● United Kingdom
● The Netherlands ● Other countries

EMPLOYMENT COSTS 2003
in EUR million



● Other social security charges
● Pension premiums
● Salaries

AEGON provides life insurance, pension, savings and investment products to its policyholders (or their beneficiaries). Policyholders pay premiums and may receive future benefits. During the period between premium payments and benefits, AEGON earns money by investing the money. In conducting business, AEGON has relationships with various stakeholders.

4.1 Policyholders

Focus is the key word in AEGON's group strategy. Apart from the focus on life insurance products, AEGON also focuses on a number of markets. In these markets, AEGON is aiming to achieve a top 5 position. The graph on top of this page shows that over the last decade AEGON's focused strategy has been successful, with the Americas, the Netherlands and the United Kingdom as the three key markets.

Apart from these three markets, AEGON has also been present for some time in Hungary, Spain and Taiwan. In 2003 the group started operations in China in a joint venture with CNOOC and in Slovakia. In addition, AEGON entered France through a partnership with the mutual insurer La Mondiale. AEGON's ongoing market strategy will be to further develop its three core markets, enlarge the presence in continental Europe to provide solutions for the emerging pension deficits and expand in growing economies which have a favorable environment for life insurance products.

The shrinking role of governments in retirement provision and the ageing and increasingly wealthy populations are expected to create a growing need for financial security products. A system in which the working population finances the pensions of the elderly will be difficult to sustain if there are too few people working to provide for the elderly. These developments AEGON sees primarily in the developed markets of Europe and, to a slightly lesser extent, the USA, but are also very much in evidence in China. As an example of this, the European Financial Services Round Table estimates that in Europe people need to save EUR 456 billion each year to keep retirement benefits at its current level. It is in this market that AEGON sees great opportunities.

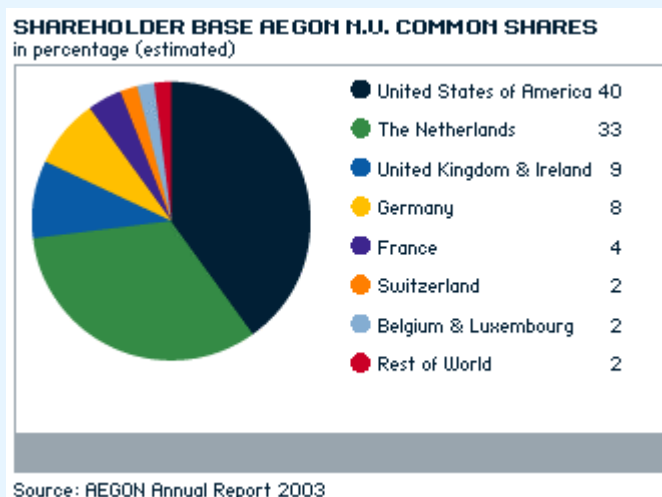
4.2 Employees

In order to remain a leading insurer, attracting and retaining high-quality employees is crucial. Competitive compensation is a necessary element of this. An important element of AEGON's compensation policy are the pensions plans that cover substantially all AEGON employees. In addition, AEGON employees share in the company's success through their entitlement to stock appreciation rights.

Although AEGON tries to improve its efficiency gradually, the group carried out reorganizations in 2003. The staff reductions in the Netherlands will be achieved through natural attrition rather than through compulsory redundancies. In the USA and the UK, reorganizations did involve compulsory redundancies.

Internationally diverse base of shareholders

AEGON takes pride in its internationally diverse base of shareholders. It reflects the progress and changes that AEGON has undergone since the merger of two Dutch insurance companies back in 1983. Being an attractive investment for shareholders is of crucial importance and AEGON will do its utmost to continue fair and transparent communication with its shareholders.



Vereniging AEGON (Association AEGON)

Our largest shareholder is Vereniging AEGON (Association AEGON). The Association AEGON is the continuation of the former mutual insurer AGO. In 1978 AGO was demutualized and Vereniging AGO became the only shareholder of AGO Holding N.V., which was the holding company of its insurance operations. In 1983 AGO Holding N.V. and Ennia N.V. merged into AEGON N.V.

Vereniging AGO initially received approximately 49% of the common shares (which shareholding was reduced gradually to 12%) and all of the preferred shares in AEGON N.V. The name was changed into Vereniging AEGON.

The purpose of Association AEGON is the balanced representation of the interests of AEGON N.V. and all of its stakeholders, i.e. shareholders, AEGON group companies, insured parties, employees and other relations of the mentioned companies.

4.3 Capital providers

Maintaining the group's capital adequacy is the first responsibility since policyholders' futures rely on it. Equity capital represents 71% of AEGON's capital base as per December 31, 2003. AEGON is committed to a strategy, which assures its continuing financial strength. In addition to strong credit ratings, this was reflected in the AA financial strength ratings at the end of 2003 assigned by Standard & Poor's to the operating units in the Netherlands, the UK and the USA.

In 2003, AEGON paid EUR 645 million in interest to providers of debt capital.

AEGON paid EUR 147 million in cash dividends to shareholders and EUR 671 million in stock dividends.

AEGON and SRI investors

Albeit representing a small percentage, Socially Responsible Investors (SRI) comprise a visible and fast growing group of investors. Besides judging a company based on its financial information, these investors apply non-financial criteria in their investment behavior. Examples of non-financial criteria are a company's performance in areas such as corporate governance and social and environmental behavior. Two of the main SRI investment indexes are the Dow Jones Sustainability Index and the FTSE4Good. AEGON has been included in these indexes from the moment they started (respectively 2000 and 2001).

4.4 Suppliers and distributors

As a big corporation AEGON is solidly tied in the economic fabric of the countries in which its operate. To give an idea, in 2003 a total of EUR 1.1 billion was paid by AEGON to its various suppliers.

AEGON The Netherlands has a policy regarding social and environmental attributes for activities that are being procured or outsourced. In current contracts of AEGON The Netherlands environmental and safety conditions are included. In new contracts AEGON The Netherlands also requires from its suppliers that their procedures comply with ISO14001 standards.

AEGON UK has brought together the five Independent Financial Advisor businesses it owns to form a single IFA operation. This new company is called Origen. Advisory & Brokerage, Momentum, Wentworth Rose, Aurora and Elliott Bayley have started trading as Origen. However, the full integration process is not expected to be complete until early 2005. Positive Solutions, the sixth IFA business AEGON UK has invested in, will continue to operate separately.

Combining the resources, skills and management vision of five of the most dynamic, successful and well-managed IFA businesses in the UK, creates a unique brand within the UK IFA market, designed to make it easier than ever for customers to make the very best choices for their future. At the same time the consolidation of these five businesses will allow them to achieve a level of organic growth, which would not be available to any of the businesses individually.

4.5 Public sector and society

AEGON's interaction with the public sector and society has many faces. The group pays taxes over income and product offering depends on the fiscal regulations of the markets in which its operates. Lastly, AEGON contributes to organizations that pursue goals that benefit society.

In 2003, AEGON paid EUR 365 million in corporation tax. The amounts in original currencies for the three main markets, USA, UK, the Netherlands, were: USD 351 million, GBP 16 million, and EUR (16) million respectively.

Very different from paying taxes, another component of AEGON's financial ties with society are the organizations that AEGON supports. The various country units as well as AEGON corporate office made total contributions of approximately EUR 6.5 million to a variety of organizations, including Habitat for Humanity, Alzheimercentrum of the Vrije Universiteit Amsterdam and oncology research.

In addition to financial support, each country unit was active in the social fabric of their communities through contributions in kind and employee volunteering but it is beyond the scope of this report to mention all these. Another component of the group's contributions to society is the

leverage of its financial capabilities. In the section on responsible products you can read about the USD 5 million Iowa First Capital Fund, which is aimed at creating economic opportunities for Iowans.

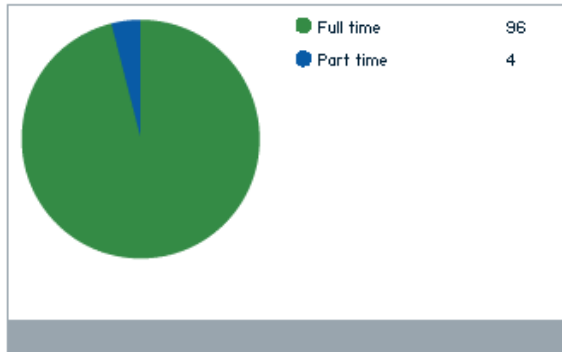
Donation of the 'A Ferida' monument after the Prestige disaster in Spain

After the disaster with the oil tanker Prestige off the coast of Galicia in Spain, AEGON Spain has donated a sculpture to the community of Muxía as a sign of solidarity with all victims in Galicia. The roots of Seguros Galicia, which since 1980 has grown into what is now known as AEGON Spain, lie in Galicia. The region still is one of the major markets. The sculpture by Alberto Bañuelos-Fournier carries the name 'A Ferida' (the wound). The sculpture was inaugurated on September 12, 2003.

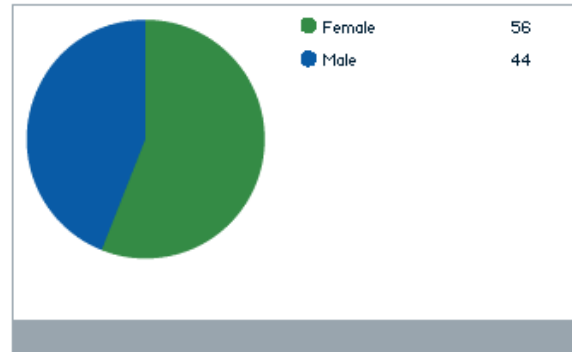


5 SOCIAL PERFORMANCE

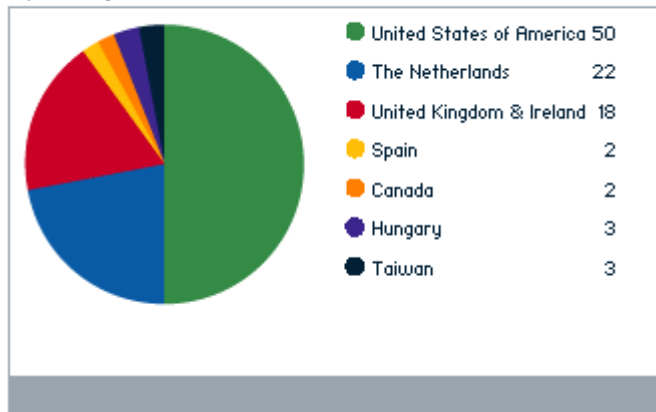
FULL TIME/PART TIME EMPLOYEES
in percentage



MALE/FEMALE EMPLOYEES
in percentage



EMPLOYEES BY COUNTRY UNIT
in percentage



This part of the report provides information on the main elements that comprise AEGON's social performance and the ways in which the AEGON Group conducts its business in a responsible way.

5.1 Human rights

AEGON supports and upholds the principle of human rights, for example as enshrined in the UN Declaration of Human Rights. In the three main markets where AEGON has historically operated there have been few major human rights issues. As the group enters new markets it will be sensitive to the human rights situation and using the Code of Conduct AEGON wishes to build more explicitly on the topic.

5.2 Employment, employee development and labor relations

5.2.1 Work force and employee turnover

AEGON values its international and diverse workforce. Local business requires local employees and management. Please see the graphs on this page for some details about the workforce.

Women make up the majority of the workforce. Female senior managers constitute approximately 19.4% of the total of senior management teams across country units.

The turnover rate of employees in 2003 was 10.9% down slightly from 11.0% in 2002. Of the people who left the company, 40% did so voluntarily, 54% involuntary and 6% was through natural causes. The involuntary figure is explained by the reorganizations carried out in 2003.

5.2.2 Employee and management development

Life insurance products are complex financial services that depend heavily on local tax and social security systems that change continuously. Training and development of the workforce is crucial for the quality of the service provision. All of the employees are covered by a country specific formal strategy/policy on training.

Almost all training and management development programs are managed locally and hence no central data are readily available. AEGON spends EUR 10.7 million on training and development in the US, the Netherlands, the UK, Spain and Canada. Per employee this amounts to EUR 440. The total number of days training per employee is 3.9 days per year.

5.2.3 Employee satisfaction

For the majority of the global workforce, employee satisfaction is regularly measured. A number of country units benchmark the results against competitors. 95% of employees can provide anonymous feedback to management.

At this moment it is not possible to provide company-wide results of employee satisfaction. Methods and measurements vary widely due to the decentralized organization structure. Used methods include surveys, 360-degree feedback and performance reviews. In some countries (e.g. The Netherlands), plans exist to standardize the methods across the country units.

In all units, results are being used by the Human Resources departments to take specific actions and to refine HR strategy. Results are also fed back to relevant management. In all units that measure employee satisfaction results are being shared with employees in a number of different ways (management meetings, internal communication publications and bulletin boards).

AEGON University

Although most of the training and development programs are being executed locally, AEGON University is an example of a group-wide development program.

AEGON University is a two-session program. It was created in 1994 and has since matured into a multi-faceted Executive Development Program that now proudly boasts over three hundred alumni representing all of AEGON's country units. Don Shepard, the current chairman of AEGON, was the original sponsor of the concept and continues to maintain a keen interest in the program's development as one of his special projects.

The purpose of AEGON University is to bring together the most promising and successful managers from around the world to help extend the company's culture, values and beliefs. The program offers each participant the unique opportunity to meet colleagues from other countries, exchange professional perspectives, learn from each other's experiences and develop a global network of AEGON friends.

The full program has three primary objectives:

- ◆ Develop the class into a solid network of relationships and friendships.
- ◆ Stimulate and facilitate the open exchange of issues, ideas and information through this network
- ◆ Enhance the leadership, team building and communication skills of each participant to improve their individual performance when they return to their business units.

To achieve these goals, there is the framework of 'Teamwork, Class work and Network'.

Classes consist of some 40 participants coming from all AEGON countries and a wide variety of professions. Participants are selected by their division presidents and endorsed by AEGON's Executive Board based upon their past performance and future potential within the company.

Aegis

Aegis is the representative body looking after the majority of AEGON UK employees. It evolved from the Scottish Equitable Staff Association into an organization with nearly 3000 members throughout the UK.

Michael Gray, the General Secretary, became involved with Aegis after spending over ten years working in the marketing and purchasing areas of Scottish Equitable. Attracting him to the role in the first place was the scope to influence the way in which the business developed its relationship with employees. Scottish Equitable was a friendly small mutual, the challenge with AEGON involvement was to try preserve the good parts of the old culture whilst appreciating the huge benefits of being part of a multi national. Typically this has been achieved through detailed consultation, negotiation and the ability of the both sides to compromise when appropriate. This seems to be an indication of a mature rational relationship between the company and staff based on mutual respect.

“Whilst nothing is perfect we do know that employee terms & conditions within AEGON UK are amongst the best in the industry. The company tells us that it is striving to become an ‘employer of choice’ and we know there is much more to that than giving people a good wage and a nice building to work in. This is about culture, belonging and trust.”

In the future he sees many more challenges, some of them spreading into the wider context of Europe. Europe wide issues will be dealt with through the European Works Council, which he hopes will develop along similar lines to the Aegis/AEGON UK model, which is based on mutual respect.

5.2.4 Labor relations

AEGON employees are represented by staff associations or recognized employee’s representative bodies mostly in Hungary (20%) and the UK (70%). For Spain and the Netherlands no number can be provided because privacy regulation prevents us from obtaining this information.

39% of the AEGON workforce is covered by an explicit employee involvement policy. Although in the US no written policy exists, senior management considers pro-active communication with employees a priority. Globally, 97% of the employees are covered by an appeal or complaint structure.

In accordance with the high nation-wide average, the highest absentee rate was measured in the Netherlands (4.1% compared to a national average of 4.8%, both excluding pregnancy leave). The lowest absentee rate occurred in Taiwan.

With exception of some smaller ones, most country units have a clearly defined organizational health and safety structure. AEGON The Netherlands, for example, has a medical center for all employees with two physicians and two nurses and a number of employees with First Aid certificates. And in the UK there are 78 qualified first aiders.

5.3 Health and safety

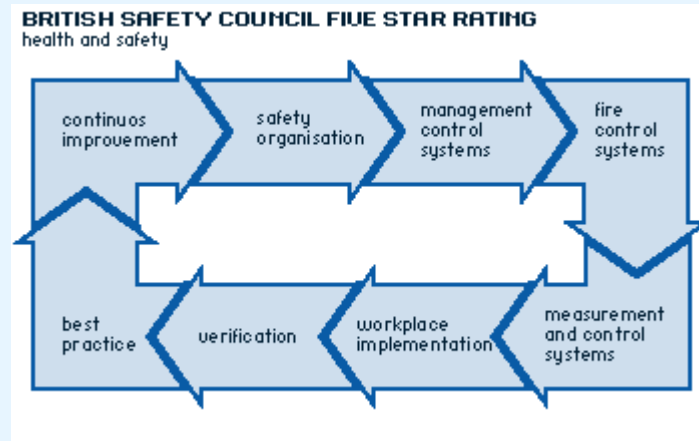
99% of the AEGON workforce is covered by formal policies and practices on health and safety. During 2003, worldwide a total of 298 work related injuries/illnesses have occurred.

Each country unit measures absentee rates (see table below). However, since methodologies are different, these numbers cannot be aggregated into a meaningful number for the AEGON Group.

<i>Country unit</i>	<i>Absentee rate</i>
USA	2.3%
UK	1.8%
Netherlands	4.1%
Spain	1.8%
Canada	1.5%
Hungary	3.1%
Taiwan	0.6%

The British Safety Council Sword of Honour and Five Star Rating

Like the year before, in 2003 the British Safety Council conducted an audit of AEGON UK's health and safety documentation and systems and inspected the sites and buildings operated by AEGON UK. The top rating of five stars was received for all topics covered in the audit (see diagram).



The lead auditor commented in the audit report: "I am pleased to advise that AEGON (UK) PLC has obtained a score of 96.99%, not only a five star rating, but an almost 4% improvement over last years performance". Out of the 82 elements covered, six areas for improvement were pointed out by the auditor. AEGON UK will address these in order to further improve its health and safety performance.

The five star rating allowed AEGON UK to participate in the competition among 200 companies to achieve the Sword of Honour. Based on a detailed questionnaire just 40 companies are presented with Swords of Honour each year. AEGON UK prides itself in having received this award in 2001 and 2003.

5.4 Product and services responsibility

Trust is one of our core values and all country units have a policy on confidentiality and privacy for clients. All country units also have a policy on customer complaints including a monitoring system. In 2004, AEGON The Netherlands will introduce a consumer return test, which will test the financial return for a client of a particular product.

Apart of the responsibility towards its policyholders, AEGON also has a responsibility as an institutional shareholder. The policies and intentions regarding the exercise of voting rights are mentioned in section 3.1.5.

5.5 Responsible products

In the three main markets AEGON offers socially responsible investment funds (SRI funds) under variable life and variable annuity and pension policies. In the United Kingdom and the Netherlands, these funds are being managed by AEGON Asset Management divisions. The total amount of SRI funds being managed by AEGON is more than EUR 277 million (GBP 154 million in the UK and EUR 57 million in the Netherlands). In the UK, the Ethical Fund and the Ethical Income Fund constitute 0.45% of the total assets under management. In the Netherlands the Sustainable World Equity Fund and the Optimum Wereld Aandelen Fonds together constitute 0.13% of all assets under management.

In the United States, AEGON offers SRI mutual funds that are being managed by other fund managers, most notably Calvert and Dreyfus. Furthermore, AEGON's Transamerica Investment Management's SMA investment products offer an option to avoid 'sin' stocks (such as tobacco and gambling).

AEGON USA has created the Iowa First Capital Fund

A USD 5 million investment from AEGON USA in September 2003, to the Iowa First Capital Fund will help create economic opportunity for Iowans and help diversify the state's economic base. The fund is managed by Corridor Management Company including the selection and monitoring of the investments. The Fund Managers plan to work closely with each of the state universities and local and state economic development organizations to identify investment opportunities. This source of capital will be critically important for start-up ventures and other high-potential companies that traditionally have had very few options for funding. AEGON USA has a strong interest in ensuring a vibrant economic base in Iowa through job creation and a skilled diverse workforce.

AEGON USA complies with U.S. 'do not call' laws

The 'Do Not Call' (DNC) rules of the U.S. Federal Trade Commission and the U.S. Federal Communications Commission were enacted to allow the U.S. consumer to limit the amount of solicitation received via the telephone. This law prohibits telephone solicitation of telephone subscribers who registered their telephone numbers on the federal, state or company specific DNC lists when no business relationships exist with a company. The U.S. based insurance companies use an enterprise web site solution tool to provide telephone number search capability to ensure the telephone number does not reside on the federal, state or company specific DNS list prior to making a solicitation call.

AEGON UK has achieved the 'Raising Standards' accreditation

As well as meeting all FSA and other requirements, AEGON UK has achieved the 'Raising Standards' accreditation. There is an independent Accreditation Board, which reviews product terms and literature for fairness, transparency and 'plain English'. Accreditation also involves independent surveys on client satisfaction levels. Once achieved, accreditation has to be renewed each year involving further checks on processes and client satisfaction levels.

AEGON UK was among the first three companies to obtain accreditation and, earlier this year, was the first office to have its accreditation renewed for a third year.

5.6 Advertising, sales practices, competition and pricing

AEGON country units comply with a variety of codes and principles of local insurance organizations. Besides the Code of Conduct, there is no AEGON wide policy on advertising and sales practices, reflecting the presence of large differences between the countries in which AEGON operates. A broad overview, which AEGON aims to comply with, can be found in the box on page 22.

AEGON addresses competitive behavior explicitly in the Code of Conduct: "We are committed to fair competition within the bounds of the law. Accordingly, we shall not falsely represent a competitor or a competitor's products, or have discussions or reach agreements with competitors, whether formal or informal, written or unwritten, which may inhibit free and open competition."

5.7 Money laundering and corruption

All AEGON employees are covered by systems to prevent bribery, undue payment, gifts, entertainment and other improper advantage. Numerous policies exist in addition to national regulations and the group-wide Code of Conduct. These policies are adapted to local situations and needs. These policies are monitored in a number of specific ways, for example (credit) screening of employees in sensitive areas.

Overview of industry codes (non-exhaustive)

<i>USA</i>	Leadership role in and support of the development of Principles and Code of Ethical Market Conduct for the U.S. Insurance Industry by the Insurance Marketplace Standards Association (IMSA) and adoption of the code by all insurance operations. The Integrity Ed Training Program contains IMSA Principles of Ethical Market Conduct module, which all insurance operations employees must complete.
<i>United Kingdom</i>	Comply with the requirements of the Financial Services Authority (FSA). Raising Standards. Investor in People (IIP).
<i>The Netherlands</i>	Advertising standards of the 'Reclame Code Commissie'. Code Rendement en Risico of the Dutch Association of Insurers.
<i>Spain</i>	Standards of Unión Española de Entidades Aseguradoras y Reaseguradoras (Unespa).
<i>Hungary</i>	Code of Ethics of the Association of Hungarian Insurance Companies.
<i>Canada</i>	Standards of the Canadian Life and Health Insurance Association: <ul style="list-style-type: none">◆ Privacy, Individual Life Policy Illustrations◆ Individual Variable Insurance Contracts◆ Screening agents for Suitability and Reporting Unsuitability◆ Voluntary guidelines established by the Federation of Mutual Fund Dealers (FIMD)◆ CLHIA advertising standards
<i>Taiwan</i>	Advertising & Promotional Literature Guidelines.

5.8 Community impact

All units make charitable donations. Including contributions at the corporate level, EUR 6.5 million in cash was donated to community, civil society and other groups. Donations in kind amounted to almost EUR 200,000. Cash donations constitute 0.30% of AEGON income before tax in 2003.

AEGON units contribute in numerous other ways to the social fabric of the communities in which they operate. Examples are blood drives, fundraisers, school mentoring and university programs, as well as international social housing programs such as Habitat for Humanity.

AEGON Taiwan joins the fight against SARS

A recent initiative by AEGON Taiwan for the benefit of community and society in general is against SARS (Severe Acute Respiratory Syndrome). AEGON Taiwan prepared and distributed tens of thousands of pamphlets containing health tips and relevant information to employees, agents, policyholders and the general public.

AEGON Taiwan also launched a special campaign, offering NTD 3,000 (EUR 70) per day as supplementary allowance to employees, family and policyholders with AEGON life insurance or medical insurance upon diagnosis of SARS.

Transamerica Life Canada is an 'imagine caring company'

Transamerica Life Canada is recognized as an 'imagine caring company' by 'Imagine', Canada's national program to promote public and corporate giving, volunteering and support to the community – and donated over 1% of its corporate pre-tax earnings.

AEGON and speed skating

AEGON's sport sponsorships are mostly in the area of speed skating. AEGON The Netherlands is the main sponsor of the Royal Dutch Skating Association (KNSB) and spent in 2003 EUR 4 million on the sport distributed over speed skating, figure skating and short track. With the sponsoring AEGON The Netherlands supports both professional and recreational skating. Financing the training of skaters, tutors, referees and judges' supports the recreational sport. AEGON The Netherlands also provided EUR 150,000 to improve the accessibility of various ice skating stadiums for disabled skaters and disabled skating fans. The improvements will be executed in 2004. AEGON Canada sponsored professional ice skaters by a total of CAD 185,000 (approx EUR 110,000).

5.9 Political contributions

Within the boundaries of the Code of Conduct, political contributions are a matter for country units. Except for AEGON USA, AEGON Group companies do not make political contributions. AEGON USA makes political contributions in the US as permitted by law.

In AEGON UK lobbying is restricted to business discussions and representations to Government and industry trade organizations on topics of concern.

6 ENVIRONMENTAL PERFORMANCE

As a financial services company, the direct environmental impact is limited. Nevertheless, as a large organization AEGON does consume raw materials and energy and its output has an impact on the environment.

AEGON published its environmental policy in 2003. The group is now moving to embed the policy, measure the impact and report the performance. Environmental management is the responsibility of the country units. Below you will find the first ever company-wide aggregation of environmental data, which has been provided by most country units.

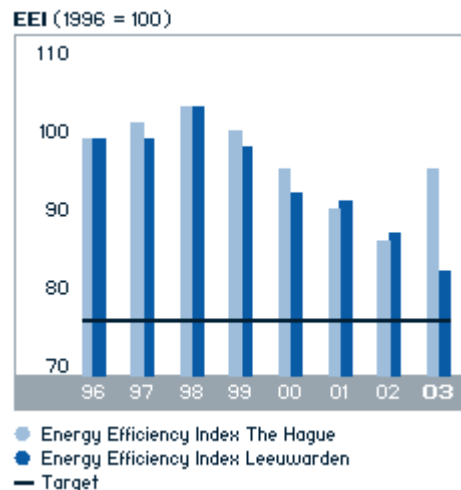
6.1 Materials

The most materially measurable output that AEGON produces is paper. The group uses paper for policies and documentation and for internal and external communication. In 2003, AEGON used approximately 2,865 metric tonnes of paper.

6.2 Energy

Within AEGON, gas and electricity are the two main sources of energy. The total electricity consumption is 105.2 GWh and the total gas consumption is 1.90 million m³.

Using the conversion guidelines from the United Nations Environmental Program to convert energy use to CO₂ emission on a per country basis, AEGON emits 86,659 ton CO₂ per year. Per employee this is 3.4 ton per year.



Reduction of energy use at AEGON The Netherlands

AEGON The Netherlands is committed to reducing its energy use. It signed a covenant with the Dutch government and thereby committed itself to reduce its energy use with 23% from 1996-2006. The covenant is part of efforts by the Dutch government to comply with the Kyoto targets for CO₂ emission reduction.

Energy use (gas and electricity) is expressed as an Energy Efficiency Index (EEI), an index of energy use, which was set to 100 in 1996. The Energy Efficiency Index is currently monitored for the two largest locations in use: The Hague and Leeuwarden (shared with other renters). In 2003, the AEGON related reductions in these two locations were respectively 4% and 17% relative to the 1996 base year, largely through a substantial reduced use of natural gas. In 2003 the EEI slanted upward again in The Hague, largely through an increase in the number of inhabitants, and above average temperatures during the summer.

Many measures have contributed to the increased energy efficiency. To name a few: energy efficient lighting systems, reduced heating in parts of the building, better regulation of the heat systems and the introduction of energy efficient flat panel computer screens, which use less energy and reduce the need for cooling the building. But in order to reach the reduction target in 2006 (an EEI of 77) more measures have been defined in the AEGON The Netherlands Company Environmental Plan. An important measure that needs to be decided upon by the owner of the building in The Hague is the use of underground cold/heat storage.

6.3 Water use

Globally, AEGON uses 415,077 cubic meters of water. Based on 230 working days per employee, this amounts to 72 liters per employee per day. Virtually all this water is being used for sanitation and hygienic purposes and flows into local sewage systems.

6.4 Waste

Currently, AEGON does not have a complete group-wide overview of its waste streams. This is because not all country units are yet collecting such information. AEGON is encouraging country units to collect this data.

Most of the units, representing approximately half of the business, recycle paper, plastic and metal waste. The average recycling rate is around 60%, but no accurate data are available.

6.5 Transport

AEGON does not have a central oversight of business travel and decisions are left to the country units. Due to the size of the country unit and the nature of the transport, the 75 million miles of air travel, made by AEGON employees in the US are probably the largest contribution to transport related CO₂ emission within AEGON. Using the United Nations Environmental Program conversion guidelines, the corresponding CO₂ emission is 13,469 ton.

The nature of the insurance business is such however that travel will always be needed in order to have face-to-face meetings with clients. In the Netherlands, the proximity of the main buildings in The Hague and Leeuwarden to the train stations allows many of the employees to commute by means of public transport.

6.6 Compliance

AEGON aims for full compliance with environmental legislation. In 2003 no environmental fines were incurred by the AEGON Group.

Award for the AEGON Financial Partners Commuting Program

In the United States, AEGON Financial Partners (AFP) is an internal service organization. The aim of AFP is to increase the efficiency of administration and technology support through achieving larger scale. AFP also tries to increase its environmental efficiency. A good example of this is the Commuting Program that was initiated by AFP-LA, which received an environmental award in 2002.

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