



For a
lifetime

Aegon 2016 Review

We help customers achieve a lifetime of financial security

in a constantly changing world

Welcome

Thank you for your interest in Aegon, and welcome to our 2016 Review. In preparing this Review, our aim is to present a holistic view of our company. Whether you are a customer, an employee, an investor, a business partner – or interested in becoming any of these – we hope that you'll know more about us as a result of reading this report.

As in previous years, we give an overview of our major events of the year, examples of how we engage with our business partners and stakeholders, and we provide an outline of the most significant issues that influence our business and our customers. Inside, you will hear from stakeholders, and learn about the global trends impacting our industry. We present insights into our global reach, our relevance, and value, as well as the challenges we face.

This year's theme is 'for a lifetime', which is a core element from our purpose: 'to help people achieve a lifetime of financial security'. Our commitment to be there for our customers has always been long-term. Today, a lifetime has a completely different timeframe compared even to 50 years ago. In the West, the chances of living to 100 years

of age have substantially increased. For example, of the women who celebrated their 65th birthday in 2016 in the Netherlands, 6% are expected to reach their centenary in 2051¹. No one knows more about the aging demographic, a fundamental factor in our business, than Professor Joris Slaets, Director of the Leyden Academy on Vitality and Ageing. We have asked Joris to write an opening column in our Review (see next page) to provide an independent view on this important topic.

We hope you will find reading his column, and the rest of our Review, enlightening. If you have comments or suggestions please do not hesitate to contact us. (Our contact details are on page 98.)

¹ Source: CBS



Aging is a key trend shaping our world, and our business. Here, Professor Joris Slaets, Director of the Leyden Academy on Vitality and Ageing, introduces our Review.

"An increase in life expectancy and a decrease in birth rate are shaping demographics all over the world. In developed countries, the proportion of the population aged 60-plus has increased from 12% in 1950 to 22% in 2010, and will increase to 32% by 2050. These changes will occur at a faster rate in developing countries. This makes aging a driving force in changing the agendas of nations, institutions, and corporations.

Aging poses challenges and offers opportunities related to the consumer market, the labor market, financial markets, pension funds and social security. From the elderly citizen's point of view, questions emerge about maintaining vitality and living a meaningful life until a very old age in a society that is inclusive for elderly citizens. These are the pillars of the Leyden Academy of Vitality and Ageing, a knowledge institute established in 2008 by Vereniging Aegon to help provide answers and

solutions to this major demographic shift and to improve the quality of life for older people.

Knowing what matters to elderly citizens is crucial. One might have all kinds of assumptions, but these are not necessarily fact-based. In our research, we have learned that in old age, psycho-social factors become more important to quality of life than physical deterioration. It is only by knowing the actual wishes and ambitions of elderly citizens that we can develop the innovative products and services that can create value for older individuals and for our communities.

Older people have so much to offer society. Let us rethink the way we do business in this new demographic reality, so we can all benefit from the increase in longevity."

Professor Joris Slaets, the Leyden Academy on Vitality and Ageing

Introduction

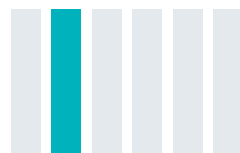
The year in brief: from Europe and Asia, to the Americas, and Asset Management.



- III Welcome
- 4 Stakeholder overview
- 6 2016 in review
- 8 Aegon today
- 10 CEO interview
- 12 Our business in the Americas
- 14 Our business in Europe
- 16 Our business in Asia
- 18 Our business in Asset Management
- 20 Management Board statement

Our operating environment

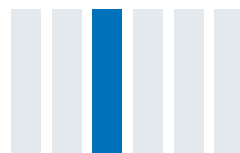
We evolve with the world around us and contribute to making it a better place.



- 22 Introduction to our operating environment
- 24 Material issues

Our strategy

We are accelerating our strategy to be a trusted partner for financial solutions at every stage of life.



- 30 Our strategy
- 31 Our business model
- 32 What are our strategic objectives?
- 34 Case study – Loyal customers
- 36 Responsible investment
- 38 Case study – Empowered employees
- 40 Our financial targets
- 41 Our financial performance in 2016
- 42 Case study – Operational excellence
- 44 Responsible business
- 46 Case study – Optimized portfolio
- 48 Responsible approach to tax

How we create and share value

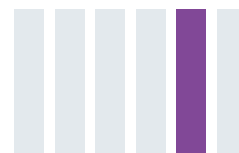
We act responsibly to have a positive impact on all our stakeholders.



- 50 Our value chain
- 52 For our customers
- 54 For our employees
- 56 For our investors
- 58 For our business partners
- 60 For our local communities
- 62 Supervisory Board Chairman interview

For a lifetime

We're here to help people achieve a lifetime of financial security.



- 64 Connecting significant moments
- 66 On the right track
- 68 Branching out
- 70 Loving life

Facts & figures

Presenting the numbers that provide clear oversight on our performance.



- 74 Reporting principles and processes
- 75 Reporting scope by country/ business unit and KPI
- 76 Our Management Board
- 78 Our Supervisory Board
- 79 Consolidated income statement
- 80 Consolidated statement of financial position
- 81 Our leading non-financial indicators
- 82 Social, economic and environmental data
- 87 Policies, statements & guidelines
- 88 Sustainable Development Goals
- 90 Principles for Sustainable Insurance
- 91 Sustainable ratings
- 92 Our international commitments
- 93 Management and governance
- 94 Independent assurance report
- 96 Index
- 97 Forward-looking statements
- 98 How to contact us

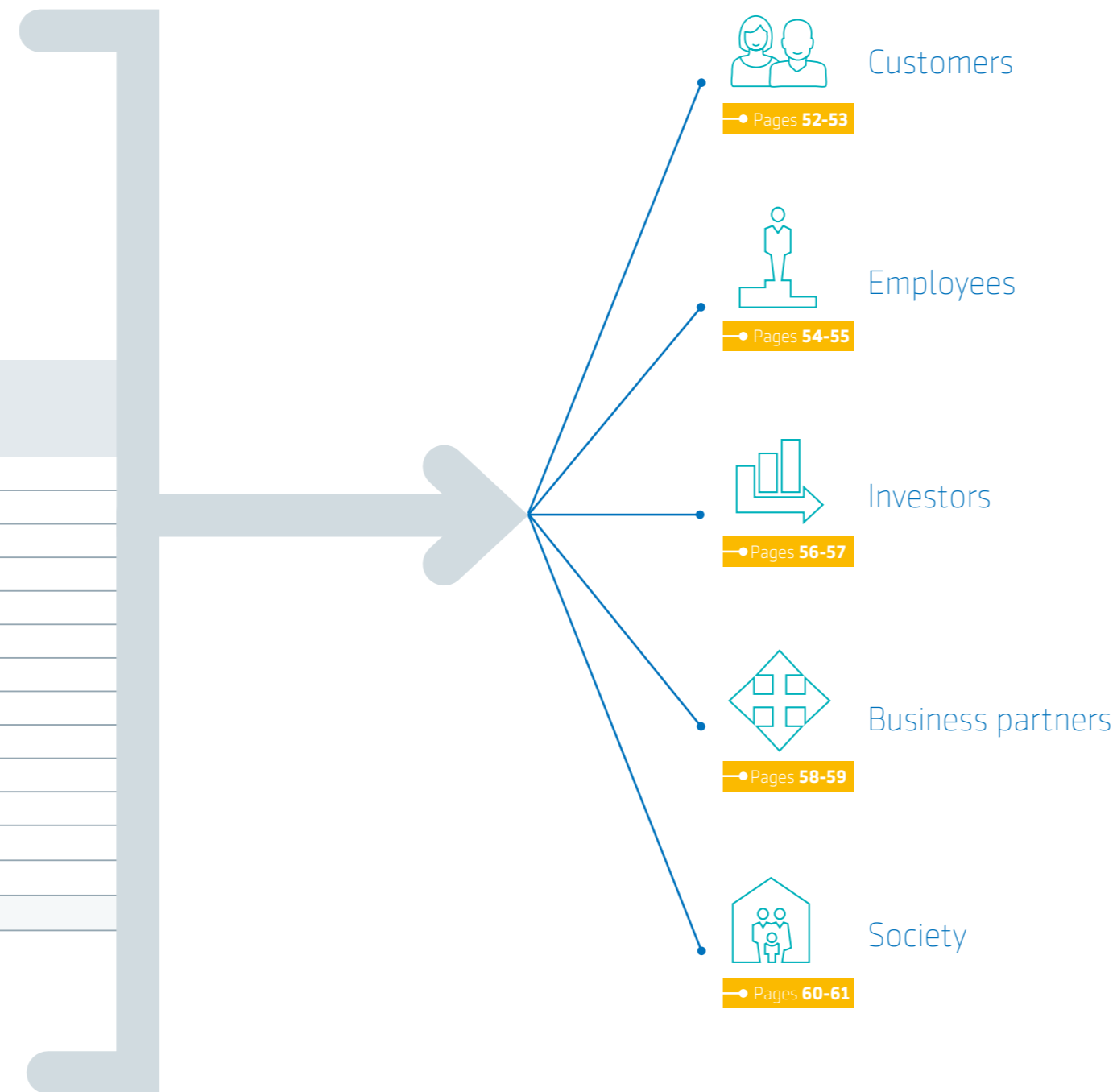
Stakeholder overview

At Aegon we believe in creating value for all our stakeholders. We engaged with our stakeholders in many different ways in 2016.

It's important for us to listen to our stakeholders and make sure their opinion counts. For example, we reached out to customers, employees, business partners and investors in the US, UK and the Netherlands to take their needs into account when developing our strategy.

| Channels | Stakeholders | | | | |
|----------------------------------|--------------|-----------|-----------|-------------------|-------------|
| | Customers | Employees | Investors | Business partners | Communities |
| Surveys | ● | ● | ● | ● | |
| Face-to-face/individual meetings | ● | ● | ● | ● | ● |
| Teleconferences | | | ● | ● | |
| Roadshows | | ● | ● | ● | ● |
| Workshops | | ● | | | |
| Focus groups | ● | ● | | ● | |
| Annual Shareholders' Meeting | ● | | ● | ● | ● |
| Working groups | | ● | | ● | ● |
| Aegon.com | ● | | ● | ● | ● |
| Social media | ● | | | ● | ● |
| Company intranet | | ● | | | |
| Multi-stakeholder meetings | | | | ● | ● |
| Engagement level | Extensive | Extensive | Extensive | Moderate | Basic |

Extensive: Frequent engagement involving senior management and regular, formal interaction.
 Moderate: Regular engagement involving senior management or subject matter experts with ad hoc or occasional interaction.
 Basic: Ad hoc or occasional engagement not involving management and usually through conferences, seminars, letters, emails, telephone or training and information sessions.



Topics on which we engaged in 2016

- Our customer experience team in the US engaged with annuity customers to understand what was driving our NPS score in this area. As a result, customer experience improved and resulted in an increase in NPS performance.
- In the UK we have regular contact with our customer panels. We use these to develop products, but also to gather information for our responsible business strategy.
- We used customer focus groups and surveys in Spain to get feedback on products we are developing. We then used their feedback before launching the products.
- We have a global employee engagement survey, which we use to gather feedback on a variety of topics. We use the results of this survey to tackle issues identified with action plans being shared at team level across the company. For example, in Poland we improved how we communicate within the company as a result of feedback we received from employees.
- In the UK we have an employee panel which we use to gather feedback on a variety of topics, for example new products we want to develop.
- We held focus groups in our Corporate Center in The Hague to discuss pay and salary issues, resulting in a new remuneration proposal which was approved by our Works Council.
- We held two Analyst & Investor Conferences in 2016, where we presented our strategy and performance.
- We also hold our Annual Shareholders' meeting – where all shareholders are invited to attend and vote on matters. They also have the opportunity to put questions to the members of our Executive Board and Supervisory Board at this meeting, which many shareholders do.
- Aegon and Banco Santander have been successful partners since 2012. The strategic distribution alliance that was agreed on back then for life and general insurance has now been extended to include health insurance. Also, we have agreed to strengthen our commitment to our business in Portugal, expanding the geographic scope of our partnership. For more information about the extension of our partnership, please see page 9.
- We aim to accelerate our digital transformation through partnership, for example, in the Czech Republic, we signed an agreement with FinTech company Chytrý Honza to provide customers with an opportunity for independent comparison and purchase of financial services products. For more information about how we work together with our business partners, see page 59.
- As an insurance group with its headquarters in the Netherlands, we are under group supervision. Our group supervisor is the Dutch Central Bank (DNB). We meet to discuss many topics with them throughout the year, for example our Solvency II obligations.
- We engage with our local communities, donating both money and volunteer hours. In Romania, at the request of the local regulator, we provided financial literacy programs for children, and in the UK we support learning and development by providing breakfast at the Aegon Breakfast Club in schools.

2016 in review

A year full of achievements and change for Aegon.



Jan - Feb - Mar

Aegon invests in German wind farm

Aegon Asset Management invests €45 million in an offshore wind farm as part of its commitment to a low carbon energy future.

Aegon Analyst & Investor Conference

Aegon holds its Analyst & Investor Conference in January, announcing targets of a 10% return on equity, returning €2.1 billion to shareholders over the period 2016-2018, and the acceleration of strategic priorities. In December, we organized a second, US-specific conference.

Aegon appoints Global Chief Technology Officer

Aegon announces the appointment of Mark Bloom as Global Chief Technology Officer.

Aegon sells Dutch commercial line non-life business

Aegon the Netherlands announces the sale of its commercial line non-life business to Allianz.

Transamerica announces collaboration with Stanford

Transamerica, Aegon's business in the US, enters a collaboration with the Stanford Center on Longevity.

Apr - May - Jun

Aegon acquires BlackRock's UK defined contribution business

Aegon acquires BlackRock's UK defined contribution platform and administration business. The move strengthens Aegon's position as a leading player in the UK workplace savings market.



Aegon sells UK annuity portfolio

Aegon announces the sale of two-thirds of its own UK annuity portfolio to Rothesay Life. This is followed by the sale of the remainder of its portfolio to Legal & General.

The transaction is consistent with the company's ambition to free up capital from non-core businesses and fully focus on growing the platform business.

Highest rating for Kames in Responsible Investment survey

Aegon Asset Management in the UK, Kames Capital, receives the maximum possible A+ rating in the United Nations Principles for Responsible Investment survey for its strategy and governance approach. The A+ rating means Kames Capital was in the top 5% of signatories.

Jul - Aug - Sept

Aegon acquires Cofunds

Aegon announces the acquisition of Cofunds from Legal & General, making it the UK's leading platform business. The deal closed on January 1, 2017.

Aegon maintains high position in sustainability index

With a score of 82 out of 100 in the 2016 Dow Jones Sustainability Index, Aegon again proves itself to be a sustainability leader in the insurance sector. The score means Aegon remains in the top ten percent of the insurance industry.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

New Management Board members appointed

Four new members of the Management Board are approved: Mark Bloom, Global Chief Technology Officer; Carla Mahieu, Global Head Human Resources; Onno van Klinken, General Counsel; and Sarah Russell, CEO Aegon Asset Management.



Oct - Nov - Dec

Aegon leads industry in tax transparency

Aegon leads financial services company rankings in the Tax Transparency Benchmark 2016, published by the Dutch Association of Investors for Sustainable Development (VBDO).

Aegon teams up for Blockchain initiative

Aegon joins with Allianz, Munich Re, Swiss Re and Zurich to launch the Blockchain Insurance Industry Initiative B3i to explore the potential of distributed ledger technologies to increase efficiency.

Transamerica announces restructuring

Transamerica, Aegon's US business, announces several measures to improve returns, and support investment in technology. These include the closure of three locations in the US, the exit from Affinity, Direct Mail and Direct TV distribution. These measures are part of an expense savings program of €350 million for the Group.

New CFO announced

Darryl Button, Chief Financial Officer, steps down. Aegon announces Matthew Rider as new CFO and member of the Executive Board, commencing January 1, 2017.*

* Pending approval, Annual General Meeting of Shareholders on May 19, 2017.

Aegon today

Around the clock, around the world

We employ more than 29,000 employees around the world. We interact with our customers 24 hours a day, seven days a week, wherever, whenever, and however it suits them, whether offline or online.



Where we operate

Asia: Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Thailand, Vietnam

Europe: Czech Republic, Denmark, France, Germany, Hungary, Ireland, the Netherlands, Poland, Portugal, Romania, Slovakia, Spain, Turkey, Ukraine*, United Kingdom

South America: Brazil **North America:** Bermuda, Canada, Mexico, United States

* We sold our Ukraine business in September, 2016.

Our businesses in 2016

2016 saw a continued strategic move toward a more capital-light, fee-based and digital business, to better suit the needs of our customers and our shareholders.

Our partnerships

In December 2016, Aegon and Banco Santander agreed to extend the scope of their bancassurance partnership in Spain by including health insurance. We also agreed to accelerate the commercial development of certain insurance products. Plus, we agreed with Banco Santander Totta to strengthen our commitment through a more ambitious business plan in Portugal by expanding where we can distribute. These agreements build on the successful development of the bancassurance partnership in Spain and Portugal in recent years.

Mongeral Aegon and BANCOOB (*Banco Cooperativo do Brasil*) received regulatory approval in August 2016 to set up a joint venture providing life insurance and pension solutions within the SICOOB System. SICOOB is the largest co-operative financial system in the country, with more than 3.6 million associates and 2,500 service points.

What we bought and sold in 2016

In April, we sold two-thirds of our UK annuity portfolio to Rothesay Life, and in May we sold the rest to Legal & General. These transactions allowed us to focus on our platform and extend our asset base. This came after we bought BlackRock's defined contribution platform earlier in the year.

We successfully bought Cofunds from Legal & General after regulatory approval. We announced the agreement to buy Cofunds from Legal & General for £140 million (€164 million) on August 11, 2016, and the transaction closed on January 1, 2017. The integration of the business is expected to be completed in the second half of 2018.



16%

of our sales were made direct to customers in 2016 (up from 15% in 2015).



€743 bln

revenue-generating assets are used to provide pensions, insurance and health benefits to our 26.5 million customers.

Transferring the Cofunds business onto our modern technology platform will mean we can do more to bring significant benefits for our customers and their advisors. When this is completed in 2018, over 750,000 customers will be serviced and over £100 billion will be administered on this market-leading platform.

In September, we entered into an agreement to sell 100% of our shares in Aegon Life Ukraine to the TAS Group, so leaving the Ukrainian market. The transaction closed on December 16, 2016.

Capital

On December 31, 2016, Aegon's Group Solvency II ratio of 157% was in the upper end of the 140-170% target range. Our holding company excess capital increased from €1.4 billion at the end of 2015 to €1.5 billion at the end of 2016.

Insurance

We provide a wide range of life and non-life insurance products, including disability and critical illness and income-protection products. We distribute through agencies, third parties, and, increasingly, online.

Pensions

We offer individual and group or company pension solutions in Brazil, the Netherlands, Spain, the US, and the UK. We also provide individual pension products in these countries, as well as China, the Czech Republic, China, Germany, India, Japan, Poland, Romania, Slovakia, Turkey and group or company pension products in Hungary.

Asset Management

We use our global investment expertise at Aegon Asset Management to provide services and products. Our clients are pension funds, and our insurance and other regulated subsidiaries – such as Aegon Bank and its customers.

Alex Wynaendts, Aegon's CEO, talks about transforming the company, being relevant to customers' needs, and the vital role that Aegon plays.

What were the most important changes at Aegon in 2016?

Well, it's difficult to give just one example because we made a series of important changes across our company. In the US, for instance, we continued our very significant restructuring, bringing all the business units together into a single, customer-facing company that provides our customers with access to all our different products and services. Our UK business also saw tremendous change, as we transformed it from a traditional life and pensions provider into a fee-based business – making it the largest platform provider with over three million customers. Change is never easy, so to do this while improving customer service and satisfaction levels – especially in such an uncertain environment – is something we can be really proud of.

The theme for this year's Review is 'For a lifetime'. What does this mean to you?

'For a lifetime' is the very essence of what we're trying to achieve – a relationship with our customers throughout their lives. This is quite the opposite from just offering our customers a product or having only an incidental relationship with them. For a lifetime goes to the heart of our purpose of helping people secure their financial future. It means helping our customers protect themselves financially. It means helping them save for their future. And increasingly, it means helping them to use the assets they've built up over their lifetimes to ensure that they are able to retire with peace of mind.

Do your own experiences as a customer with other companies shape how you view the customer experience at Aegon?

Absolutely! I'm no different than anyone else. Be it food, household goods or vacations, I'm a customer every day, and the companies I choose are the ones that understand what is relevant to me and my needs, and what is relevant to my family and their needs. And that's precisely what we always aspire to: offer high-quality products and services that are relevant to our customers and meet their needs.

In the not too distant past, the financial services industry was not always customer-centric. It defined and dictated what customers wanted, not the other way round. Today that's simply not sustainable. We're focused on being relevant, and listening to and learning from our customers. And whether they want simple or sophisticated products, the message is the same: we need to make them easy to understand and easy to access, be it through a third-party or on a digital platform.

What do you think might surprise people about Aegon and the work you do?

I'm sure many people would be surprised by just how vital a role we – and the industry as a whole – play. Aegon has 26.5 million customers, and I'm proud that last year we paid out €59 billion in claims and benefits to them. While that in itself is a vast sum, it's dwarfed by the value of assets our customers entrust with us – over €740 billion at the end of 2016. For many people it can be hard to comprehend quite how much money this is. But explain to them that it's nearly the entire gross domestic product (GDP) of the Netherlands¹ – the total value of the Dutch economy – and they immediately understand the importance of our work. What's more, by investing these assets in everything from high-tech ventures to green industries, and by financing debt for governments, we perform a key role in the global economy. We really do have an enormous responsibility, and it's one we take very seriously indeed.

¹ Source: World Bank

Alex Wynaendts
CEO Aegon

Our relationship with
our customers

throughout their lives

“For a lifetime goes to the heart of our purpose of helping people secure their financial future”

Our business in the Americas

Transamerica offers life insurance, retirement solutions, asset management services and accident and supplemental health products.



“ I look back on 2016 with certainty that we did the right thing for our current and future customers, as well as for the future of our company. ”

Mark Mullin
Transamerica President and CEO Aegon Americas



13 mln

Transamerica serves 13 million customers in the US.



€1.2 bln

In 2016, underlying earnings in the US were €1.2 billion.

6.4

Average Retirement Readiness Score in 2016 for the US and Brazil.*

* For more information on the Retirement Readiness Score, see page 61.

Operating under the prominent Transamerica brand, the US is our largest market, generating almost two-thirds of our earnings. Transamerica is among the top ten largest providers of pensions, variable annuities, individual universal life and individual term life in the US.

Over the past few years, Transamerica has been significantly reorganizing operations to allow our business to be more responsive to customer needs, reduce complexity, implement new technologies to improve customer interaction, and achieve a lower cost base. This program continued throughout 2016 and included a review of Transamerica's location strategy and additional operational improvements.

“*Transamerica's strategy reflects Aegon's priorities at an international level, namely to deliver a singular customer experience, reduce complexity and lower our operational costs. It became clear that we needed to organize further our operations according to the essential functions necessary to achieving these strategic objectives.*

During the past year, this has meant taking additional steps to simplify our operations, reduce duplication, as well as our geographic footprint in the US. Change, and saying goodbye to valued colleagues, is always difficult. But we are taking the necessary steps to be a stronger, more focused organization – able to better respond to the diverse and changing needs of our customers.”

Mark Mullin Transamerica President and CEO Aegon Americas

A thorough review of our businesses resulted in further steps to become one, functionally-organized company. Transamerica exited the Affinity and Direct Marketing channels, as well as part of its Accident & Health business lines given that these are no longer seen as a strategic fit. This led to the net reduction of over 500 positions and the announced exit of three office locations.

One-stop customer service via One Recordkeeping

Transamerica is examining every part of its businesses to achieve a greater level of operational excellence. For example, in 2016 Transamerica simplified transaction handling with the 'One Record-keeping' project. This meant bringing together the systems and the processes of three record keeping systems into one.

As a result of the acquisition of Mercer's defined contribution business in the US the number of retirement plan participants serviced by Transamerica increased by 917,000 to approximately five million.

Transamerica also became the preferred defined contribution record keeping provider for Mercer's total benefit outsourcing and total retirement outsourcing clients.

Robotics help us to provide a better customer experience

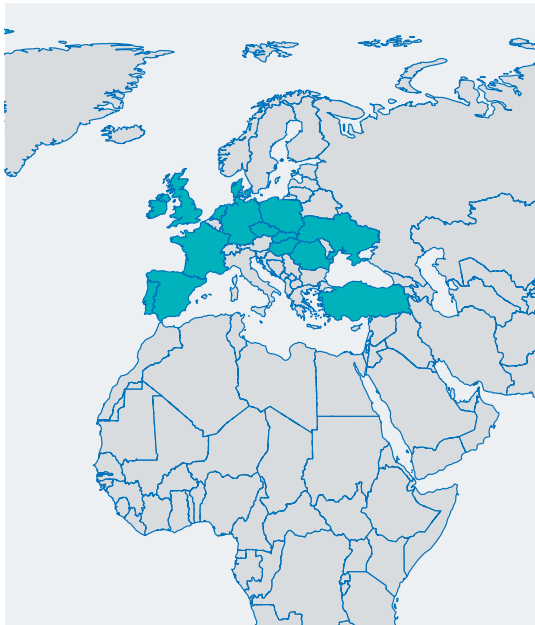
Transamerica adopted a robotics software trial to automate manual data entry tasks. It has the potential of automating around 160,000 transactions a year.

Longevity on the development agenda in Brazil

Aegon has a 50% stake in independent life insurer, Mongeral Aegon. In 2016, Mongeral Aegon launched the third center of research of the Group with the non-profit *Instituto de Longevidade Mongeral Aegon*.

Our business in Europe

We operate in 14¹ countries across Europe – a region characterized by a number of different retirement systems, which are evolving at very different speeds.



Marco Keim
CEO, Aegon the Netherlands



Adrian Grace
CEO Aegon UK



Gábor Kepecs
CEO Aegon Central & Eastern Europe



9.8 mln

In Europe we served close to 10 million customers in 2016.



€655 mln

In 2016, total underlying earnings in Europe were €655 million.

5.5

Average Retirement Readiness Score, Europe = 5.5 (Germany and UK have the highest score at 6.1 – 2016).*

* For more information on the Retirement Readiness Score, see page 61.

While we operate in more than ten countries in Europe (including the Netherlands, the UK and Ireland, six Central and Eastern European markets, Spain and Portugal), our story in the region this year cannot be told without mentioning the UK's vote to leave the EU.

This referendum was a reminder that, as a global insurance company, we 'earn our stripes' during uncertain times. The desire for security is perhaps all the more acute during periods of change. (See page 27 Economic and financial uncertainty). In the coming years, we will continue to take a close interest in aspects of the negotiations to leave the EU which could affect our customers, and will make any changes necessary

“This was the year that we put our plans into action. With projects such as ‘Robby the robot’ in Leeuwarden, we’re helping our colleagues find more space and time to devote to customer service.”

Marco Keim CEO Aegon the Netherlands

“2016 has been a year of transformational deals. We are now integrating our new business, and continue to set ourselves up for the future as one of the largest players in the UK platform market.”

Adrian Grace CEO Aegon UK

“We have focused on profitable growth in the CEE region and this has paid off, resulting in significantly increased protection sales, and underlying earnings which increased on notable growth in Hungary, Turkey and Slovakia.”

Gábor Kepecs CEO Aegon Central & Eastern Europe

as a result. Over the course of 2016 we have made considerable steps in transforming our business in the UK; throughout this Review, we will talk about how we have reorganized significant parts of our business – letting go of the vast majority of our annuities, divesting a £6 billion annuity portfolio to Rothesay Life in April and a £3 billion annuity portfolio to Legal & General a month later.

The divestments reduced our exposure to low interest rates and volatile markets, and enable the UK to continue to shift to a capital-light business, in line with the Group as a whole. The sales coincided with the acquisition of BlackRock's pension business in May, (with approximately £12 billion in assets), followed by the Cofunds acquisition.

In the Netherlands, we have an established market position and we continue to show good results. At the same time we realize that, in order to stay profitable and competitive, like elsewhere in our business, we need to keep improving our customer experience and accelerate our innovations in digital, while at the same time we need to transition towards more efficient ways of working. For Aegon the Netherlands we have set ourselves an expense savings target of €50 million by 2018.

Digital push

We have also made progress in mobile, digital interaction, omni-channel distribution, and personal finance tooling. For example, our online bank in the Netherlands, Knab, implemented a system allowing customers to transfer money using mobile phone numbers. We continue to invest in FinTech start-ups whose technology we think is relevant for us through our Transamerica Corporate Venture Fund.

Customer perspective

Aegon Assist is a UK-based team of trained specialists that helps to guide customers over the phone through the pension decision-making process. Aegon Assist contributes to our omni-channel approach, which helps us to further our customer connection.

Making the most of our optimized portfolio

In the Netherlands, we sold our commercial line non-life business to Allianz Benelux. We also sold 100% of Aegon Life Ukraine shares to the TAS group, and reached an agreement to manage Nordea's Polish Pillar II pension fund.

We announced in December that, as of January 1, 2017, Marco Keim would become responsible for Aegon's activities in continental Europe. This brings Aegon the Netherlands, Central & Eastern Europe, Spain and Portugal under one Aegon managerial leadership. Looking ahead, we expect to realize significant revenue synergies through cross-border collaboration in continental Europe.

¹ We sold our Ukraine business in September, 2016.

Our business in Asia

Aegon's Asian businesses offer financial products and services across Asia Pacific – a region of growing importance to our company.



“As a market for innovation, Asia will be a key foundation to delivering on our global strategy.”

Andrew Byrne
CEO Aegon Asia



650,000+

In Asia, we served more than 650,000 customers in 2016.



€21 mln

In 2016, total earnings in Asia were €21 million.

6.0

Average Retirement Readiness Score in Asia.*

* For more information on the Retirement Readiness Score, see page 61.

We operate through three major joint ventures in China, India, and Japan, as well as our pan-Asian operations of Transamerica Life Bermuda (serving affluent and high net worth individuals) and Aegon Insights (our leading specialist in direct marketing). Asia continues to be an important growth market for financial services. With an increasing elderly middle class and low penetration of financial services, the region offers many opportunities for Aegon to further establish itself in this market.

Being able to reach the right customers at the right time is key for this – and therefore Aegon aims to grow its distribution network.

“Asia offers opportunities for top line growth and value creation for the foreseeable future as regional growth continues. The reasons to invest in Asia are stronger than ever. One fact is particularly striking: it is estimated that by 2030 approximately 60% of the world's middle class will live in Asia. This is part of a massive change for which the industry and Aegon is preparing.”

Aegon Asia has strong joint venture partnerships and a global expertise that we can leverage. I strongly believe in customer service as an essential foundation for growth. We will continue to enhance customer experience by increasing the use of digital platforms. We aim to deliver real value to meet the evolving needs of the growing middle class and to help customers in selecting products that suit their needs.”

Andrew Byrne CEO Aegon Asia

Aegon Sony Life Insurance Company (ASLIC) – Aegon's strategic partnership in Japan – secured multiple banking distribution agreements in 2016, expanding the number of bank partnerships to 24.

Digital business

As in the rest of our business, we continue to push for digital also in Asia. In China, digital initiatives include the rolling out of an app that allows customers to apply for a new policy by chatting to an Aegon Tsinghua Tongfang (THTF) representative via tablet. This digital way of working allows Aegon THTF to 'meet' customers at an early stage of the customer journey and build closer customer relationships.

In India, Aegon Life targets the rising affluent market with its increasing digital product offer. Customers have responded positively to digital products and services, as well as e-sales. The company – already a recognized leader in the direct-to-consumer business and four-time winner of Fintelekt's 'e-Business Leader' – is well positioned to build on its direct-to-customer distribution through the company's e-sales channel, supported by a specialized direct sales force.

Restructuring sharpens focus

In August, Aegon Life announced a restructuring program to sharpen the joint venture's focus on protection insurance and direct-to-consumer distribution. In line with our strategy, Aegon Life stopped using traditional agency and third-party tele-sales channels, and is looking for new partnerships with e-commerce businesses and online distributors of financial services.

Analytics improve NPS

NPS – the Net Promoter Score that shows to what extent customers would be willing to recommend us to friends and family – is an important measure of how we are doing in exceeding customers' expectations.

While our NPS in India wasn't low, there was room for improvement in identifying the real drivers of customer emotions. Aegon Life developed AUCUA Pulse, a cloud-based NPS analytical tool that represents customers' top likes and dislikes, which consequently made it easier to interpret and measure NPS responses and to quickly act on neutral or negative scores. Consequently, over the course of 2016 we have seen an increase in touchpoint NPS – the NPS measurement that captures the quality of contact moments – from 5 to 44.

Our business in Asset Management

Aegon Asset Management became a separate reporting segment for the first time in 2016, a reflection of its success and how much it has grown in recent years.



1,500

Approximately 1,500 professionals work for Aegon Asset Management worldwide.



€149 mln

In 2016, total earnings in Aegon Asset Management were €149 million.

€130 bln

Aegon Asset Management had €130 billion third-party assets under management at the end of 2016 (of a total €332 billion).

Aegon Asset Management, with headquarters in The Hague, the Netherlands, uses its investment management expertise to help people achieve a lifetime of financial security.

Strategic fit

Aegon Asset Management aim to continue the strong growth by developing and distributing global and regional strategies, deepening its presence in existing markets, and furthering its geographical expansion. As part of the strategy, new sales force channels were launched in Denmark and Germany, focusing on the Dutch Mortgage Fund and Kames Capital's Global funds.

“I am proud of the wide scope and quantity of accomplishments that we managed to achieve this year. Aegon Asset Management has become a stand-alone reporting unit within the Aegon Group. This is an important milestone that marks the increased importance of asset management in the Aegon Group. Our strategy to offer the best products from across our locations in our chosen markets has borne fruit in 2016. The preparations to market a select number of US strategies in Europe is in a very advanced state and will become a reality in 2017. We successfully entered the German institutional market and strengthened our Asia presence. In France, La Banque Postale Asset Management's multi-asset retail position continues to attract strong gross inflows. The cooperation between Multi Asset Teams at Aegon Asset Management the Netherlands and Kames Capital intensified over the year. Despite a volatile year politically and economically, we have worked hard to deliver our promises to our stakeholders in 2016.”

Sarah Russell CEO Aegon Asset Management

Aegon Asset Management also enlarged its European strategies offering with a Government Related Investment Fund. The fixed income fund invests in private placements and bonds, predominantly from European public entities. The fund also aims to invest more than 50% of the fund assets in Sustainable and Responsible Investments-oriented assets.

Strategic delivery

In 2016, we were the first company to receive approval from the Dutch Central Bank (DNB) to launch 'Stap', a General Pension Fund (APF) in the Netherlands. The independent pension pooling vehicle enables separate financial administration for multiple pension plans from multiple employers. This means smaller pension schemes can benefit from economies of scale and comply with complex pension regulations, meaning that a greater percentage of the employees' pension premium is invested. The fiduciary investments for Stap are carried out by TKP Investments, a subsidiary of Aegon Asset Management.

The UK's decision to leave the EU had a dramatic effect on daily traded UK commercial property funds in the weeks after the Brexit vote. The illiquid nature of the commercial property assets held in these funds meant that they were at risk of not being able to meet all redemption requests if enough investors decided to leave at once. About 15% of investors across all these funds served redemption notices, causing six out of ten funds in the market to suspend trading to allow time to raise cash by selling properties to meet redemptions. Kames Capital was one of only three funds to stay open for business.

A bull run

Over the past eight years, Aegon Asset Management's Shanghai-based Chinese joint venture, Aegon Industrial Fund Management Company (AIFMC), has been a six-time winner of the Golden Bull Fund Manager Company Award.

Empowered employees

Our global digital ambition and strategic objective to empower employees, were brought together to good effect by having managers complete a 'People Managers Program' focusing on becoming more effective leaders. The program aims for management to have the knowledge, skills, and confidence to ensure the high performance of their teams.

Management Board statement of materiality and significant audiences

Every year, we identify the issues that matter most to us and our stakeholders. These are issues that we believe will shape the future of our company over the next three to five years. They are what we consider to be our 'material issues'.

Material issues influence not only our business, performance and reputation, but also our ability to continue creating value for our stakeholders. We discuss these issues internally and use them to set the strategic direction of the company.

To identify our material issues, we gather the views of all our stakeholders and our senior management. While every stakeholder is important to us, we do apply a level of weighting to stakeholder groups that we think are key to the success of our company and our strategy, for example, our customers.

This year we saw some changes. In terms of material issues for both our stakeholders and our management; internal risk culture, increased regulation, capital requirements, and transparent products and services were less highly rated. While these remain extremely important to us, these issues are very much embedded in our 'business as usual' activities, and so we determined other issues to be more material. For example, we saw *Aging and changing demographics* increase in importance. This is an area we take very seriously; it is demonstrated by our commitment to retirement readiness

research. Interest rates also continue to be a top three material issue for us, alongside *New technologies and digital transformation* and *Customer experience*.

This Review is our sixth integrated report, and is intended for our customers, investors and other stakeholders. It sets out the environment in which we operate and the path we plan to take as a company over the coming years. It also demonstrates the significance of various aspects of social, economic and governance performance to our stakeholders so that we can create long-term financial value.

[Aegon Management Board](#)

- 22 Introduction to our operating environment
- 24 Material issues
 - 24 Low interest rates
 - 25 New technologies and digital transformation
 - 26 Increased regulation in financial services
 - 27 Economic and financial uncertainty
 - 28 Aging and Changing Demographics

We move with the world around us

Our operating environment

Introduction to our operating environment

Economic conditions, geopolitics and social factors can have an effect on our profitability, operations and reputation. We cannot always control what happens in our operating environment but we can be prepared. This starts with identifying the biggest issues affecting our business. We call these our material issues.

We are a global company with many stakeholders. We have the potential to have an impact on the people, the countries and the economies in which we operate. We make every effort to ensure this is a positive impact.

Materiality assessment

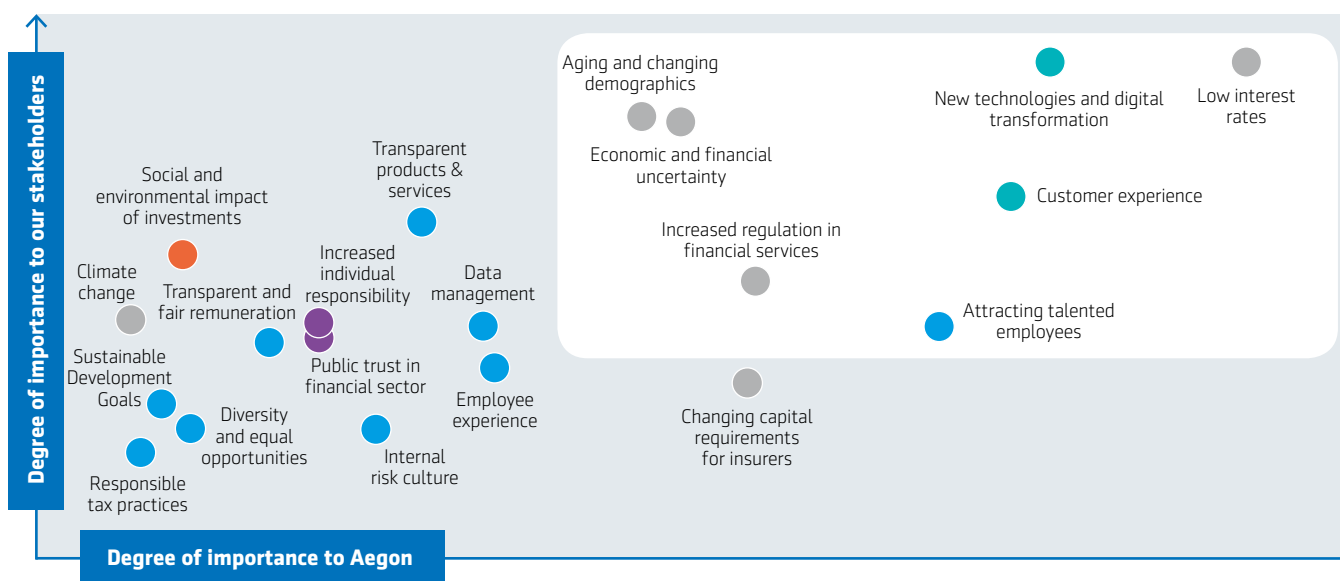
Material issues are important to our business. They inform our strategy and also determine our approach to reporting. We define material issues as those that will have a significant long-term impact on our profitability, our operations or our reputation.

To determine the issues that are most material to us, each year we ask independent consultants Steward Redqueen to survey our stakeholders and our senior management. This includes the trends and issues that we believe can, or will, have an impact on our business¹ – everything from climate change and responsible tax, to low interest rates and digital transformation. We then ask the respondents to identify these issues and rank them in order of importance. The results are plotted on our materiality matrix (which you can see below). The issues that are most relevant to both our stakeholders and our senior

management are then identified as our material issues. A summary of the materiality matrix results is then shared with both our Management Board and Supervisory Board for their review and discussion.

Stakeholders

Our stakeholders are a broad group that include customers, employees, investors, financial analysts, sustainability analysts, peers, government, regulators, independent experts, academics and NGOs. They are asked to participate in the materiality survey on



Ability to control or influence

- Direct control**
Issue is entirely within the company's control.
- Shared control**
Control of the issue is shared with, or exercised through, another company, organization or third-party.
- Strong influence**
Company has ability to influence the issue within its own businesses and value chain.
- Some influence**
Company has ability to influence, but only within its own businesses (not its wider value chain).
- No influence**
Company has little or no meaningful control or influence over the issue.

Please note, the focus of our materiality assessment was on non-financial issues. Due to the nature of our business and the maturity of our financial reporting, we have not included financial terms as part of this assessment. Financial impacts/externalities are also part of changing capital requirements, low interest rates and economic and financial uncertainty.

Source: Steward Redqueen

the basis of geographical balance and representation. In addition, participants who are familiar with Aegon and the financial services sector were sought. We also try to include some of the previous year's respondents to ensure results are comparable.

To provide an accurate representation, stakeholder groups receive a weighting in the overall results. For example, customers and employees are more heavily weighted than academics and independent experts. Peers and

industry associations are more heavily weighted than NGOs or stakeholders from government or regulators. This year, 241 individuals from 29 organizations and ten stakeholder groups provided their views on what they think matters most to Aegon.

Material issues

Our leadership takes all these issues seriously. However we do identify some as 'Key material issues' – which are areas of focus. We highlight and discuss these seven key material

issues throughout this Review. These issues are seen as current and potentially future trends in our operating environment. Whether we have direct control over these or not, they continue to have a strong influence on our business. Customer experience is covered in page 53, Attracting talented employees is covered in page 55, and the others are discussed in the following pages.

Interest rates remained at historic lows in 2016 and only showed some recovery in the second half of the year.

Digital technologies are opening up new opportunities – and risks.

Our **customers** are at the heart of our business.

Attracting and retaining talent is a challenge. We need to have the right measures in place to help with this.



Low interest rates

Ever since the financial crisis, consistently low interest rates have been the norm. This has an impact on our customers, our revenue and our earnings.

THE ISSUE

Despite the US Federal Reserve's interest rate increase in December 2016, and the financial markets' response to the US presidential election, historic low interest rates continue to impact the financial services sector.

Many central banks around the world are still holding firm, while those that are changing are doing so conservatively to stimulate growth.

It is unclear whether interest rates will continue their recent increase and to what level, or that structural macro trends such as aging and lower productivity growth will keep interest rates and investment returns structurally lower in the long term.

Low interest rates have an impact on our revenue and our earnings. Although the market value of our assets may go up, our liabilities (discounted at a lower interest rate) will increase as well. And we may find that returns on future investments are not sufficient to meet the minimum long-term guarantees given to some customers. In combination with new solvency regulations and internal capital models, products providing a long-term financial guarantee, such as defined benefit pensions, become prohibitively expensive for employers or individual customers.

With lower rates, people need to save more to achieve their objectives, but may have less incentive to do so.

Our strategy has been to focus more on fee-based businesses and less on businesses that depend on investment returns. As a result, our revenues now depend less on capital-intensive products. Whilst low interest rates are not something we can directly influence, we can manage the risks, and ensure our business is in the best shape to deal with them.

Lower for longer

We manage our exposure to interest rate risk by making sure that our assets and liabilities are matched as closely as possible – in terms of both their maturity and value – through hedging programs.

Examples of these programs include hedging the interest rate risk from guarantees embedded in the defined benefit pension business in the Netherlands, and hedging against adverse equity market movements to protect the capital position in the US. In addition, we are further reducing our exposure to interest rates in the US through the continued wind down of our run-off businesses and the reduction in fixed annuity balances as the product is de-emphasized.

In the UK, we significantly reduced our exposure by divesting our £9 billion annuity portfolio. At the same time, we continue to transition to a more capital-light business model.

We continually monitor movements in interest rates and spreads and they are discussed regularly in our Management Board meetings. One of the metrics we use, besides the interest rates themselves, is the exposure that we have to changes in interest rates. This is monitored closely by our Group Risk & Capital Committee and we publish the sensitivity of our capital position to interest rate changes twice per year.

We also monitor the progress we are making in shifting our business from financial-spread to capital-light fee- and protection-based models. One relevant metric is the percentage of our earnings that is derived from fees. In 2016, our underlying earnings from fees were 42%, down slightly from 43% in 2015.

Opportunities created

While the current interest rate environment is challenging, it nonetheless creates opportunities to provide employers and employees with advice on how to best manage their retirement savings. Here again, we've advocated greater freedom of choice for our pension customers. In the Netherlands, for example, people with a defined contribution retirement must purchase an annuity immediately at retirement age.

With low interest rates, this can result in a low pay-out for the rest of a pension-holder's life, and we have advocated deferred or partial annuitization options.

Low interest rates are accelerating the trend towards defined contribution pension businesses. We already have strong positions in our main markets of the US, the UK and the Netherlands. In these markets, we administer savings for retirement plan participants and not only help them save for retirement but increasingly focus on offering products and advice for when our customers are retiring.

We've also taken the opportunity to refinance our corporate debt at a lower rate.

New technologies and digital transformation

Technology is simplifying the way customers approach and understand financial services, and it provides opportunities for distribution, more personalized experiences and meaningful relationships.

THE ISSUE

In recent years, we've seen massive growth in online financial services. 65% of the world's population is expected to have access to the Internet by 2020. Customers are increasingly using mobile devices to access information, and to purchase goods and services. Also, they are becoming more accustomed to the ease and convenience of the Internet of Things. They want the same accessibility, transparency, and responsiveness in their life insurance and pensions products. This means that our business has to adapt at a quicker pace than is expected by our customers.

Doing business online means we have more 'touch points' with our customers, and opportunities to interact with them in a more meaningful manner. This creates a two-way flow of information and engagement, which gives us more opportunities to enhance our service and the value we bring to our customers. For example, taking the customer's feedback, financial choices, and even lifestyle into account to develop new products, services, and distribution models. This heightened interaction also opens up opportunities for providing high-quality and personalized financial advice throughout a customer's life to help them prepare for retirement.

One of our goals is to reduce our operating expenses to become a more efficient and lean organization. This allows us to free up resources, which we can invest in our digital strategy.

The speed at which the digital world is changing provides us with many opportunities. Digital distribution enables us to move into new markets with greater ease and a differentiating customer proposition but with this also comes increased risk. The rise of cyber crime and data (privacy) breaches are a real threat and we need to continue efforts to manage these threats as they arise. We are also aware that this digital environment makes it easier for new entrants to break into new markets. We also need to think and act in line with technological change, and meet the evolving expectations of our customers.

This year, we appointed our Chief Technology Officer, Mark Bloom, to the Management Board, reflecting the importance of this function to the Group. In addition, we have been assessing our global digital competencies. We recognize that not all of our businesses can adapt at the same pace. We discovered that there are pockets of excellence, but that we were not sharing these best practices in the most efficient way. So we continue to expand our Center of Excellence (CoE) for Digital which is applying capabilities across the organization.

CoE employees work on a continual improvement basis across our Asian and continental Europe businesses, but are also deployed at short notice on a project-by-project basis. This helps our business units to accelerate their digital transformation while keeping our costs down. We are therefore better at connecting with our customers. We see an increasing number of customers opting to receive their statements from us by email, or through one of our digital systems. Customers can contact us online or offline, however suits them best.

Bearing fruit

As part of these continuous improvements, we are already seeing some projects bear fruit. For example, in Asia, our insurance meta-aggregator Go-Bear celebrated its first anniversary in March 2016 – recording monthly double digit growth rates over the course of its second year. In Hungary, VoiceAnalytics has inspired voice coaching to positively impact call centre quality assurance. Similarly, Transamerica is working with speech and language solutions provider, Nuance, to deploy Voice Biometrics applications for our customers and agents. The technology provides ease of use and additional safeguards to protect our customers, data, and systems.

Increased regulation in financial services

The impact of regulatory changes – such as taxation, or rules governing savings – affects how insurers price and sell products and manage their risks. Changes can bring new competition; they can also open up new markets.

THE ISSUE

The financial sector has seen a lot of new regulation in recent years. In some cases, new laws regarding tax and data privacy have been introduced, in others, market reforms are going much further.

The UK, for example, saw unprecedented pension reform, providing savers with more choice. Both the UK and the Netherlands saw the end of the broker commission system, which came fully into effect in 2016.

In the US, the Dodd-Frank reforms led to significant restructuring of financial regulations over the past several years, and in Central and Eastern Europe, a number of governments restructured their countries' pension systems.

Companies need to dedicate significant financial and human resources to comply with all existing and new regulation and to ensure it does not cause inefficiencies.

For customers, increased regulation can mean more expense, and more complexity, such as an increase in the amount of personal data to be collected.

The implementation effect of various rules requires an increase in administrative staff, process steps and, as a result, costs. However, increased regulation serves an important purpose, to protect the financial system, to hold companies accountable, and to safeguard customer's interests.

The Dutch Central Bank (DNB), the Dutch Authority for the Financial Markets (AFM), and the European Central Bank (ECB) – as well as other supervisory authorities – have their own guidelines and priorities. For example, in 2016, the DNB stepped up checks and balances to assess and benchmark cyber risk and data integrity.

The DNB also focuses on ensuring all Dutch insurance entities and groups that are under DNB's supervision have adequate capital buffers and healthy business operations through Solvency II, the risk-based regulatory framework for insurance that came into force on January 1, 2016. This new framework requires a tremendous amount of work and commitment, with more to come.

In the US, the Department of Labor (DOL) Fiduciary Rule – which requires, among other things, a 'best interest' standard and full disclosure of compensation in connection with providing investment advice is presently slated to come into full effect by January 1, 2018, although delay in implementation is possible based on signals from the Trump administration. Understanding the need to be agile and ready for change, for example regarding the Fiduciary Rule, we have made efforts to support anticipated changes to our models. We now offer several solutions to meet the needs of our customers taking into account the impact of the Fiduciary Rule.

Licence to operate

We engage with our regulators in the countries in which we operate and on a Group level to ensure we comply with all regulatory requirements. Our compliance with regulation is fundamental to our licence to operate. We treat regulatory compliance very seriously. Our legal, government & policy and regulatory teams – based in the US and The Hague – support the business by meeting regularly with governments and regulators to ensure we are well-advised, and prepared for, new or updated legislation. The compliance function plays a key role in monitoring our adherence to external rules, regulations and internal policies. As a result we are pleased that we did not incur any significant fines.

Economic and financial uncertainty

Economic and financial uncertainty remains, driven by several factors: weaker economic recovery in the US and Europe than in previous post-crisis periods, a deceleration of growth in China, extraordinary monetary policies, political populism, and Brexit.

THE ISSUE

2016 saw a dramatic political shift. This was most notably evidenced by Brexit, the US election, and the Italian referendum – which saw the Italian people vote against a proposal to move power from the regions to central government, and for a reduction in the size of the central government.

Terrorist attacks, cyber strikes, a refugee crisis, and deepening inequality in many nations compounded the high level of political, economic and market uncertainty.

Such an environment can impact international commerce, changing the terms of business, affecting international cooperation, investment and risk.

While the impact of elections in France, Germany and the Netherlands remain uncertain, volatility can also present opportunities. The depreciated euro versus the US dollar has improved European competitiveness.

Markets have been optimistic about President Trump's fiscal policies. Potential tax changes could stimulate the US economy, generate lending, and boost capital growth.

China is transitioning from an industry to a service-driven economy, which is decelerating economic growth. While it continues to lift many of its 1.3 billion population out of poverty, it remains the single largest contributor to global GDP growth.

At the start of 2016, financial markets were under pressure due to concerns about the Chinese and global economies, and a steep decline in oil prices. We felt these were short-term developments, and acted accordingly. Toward the end of the first quarter, these developments had less of an impact on financial markets.

In the second quarter, the focus was on the UK referendum to leave the European Union. We had viewed the outcome as difficult to forecast, and positioned our investment portfolios cautiously. Kames Capital, Aegon Asset Management in the UK, resisted the reactions of some European investors that led to outflows from property funds in the immediate aftermath of Brexit. Kames Capital was one of the few UK direct property funds to stay open for business. Property is now broadly back to where it was in terms of valuations and transaction prices.

Weathering political storms

During the second half of 2016, we navigated our way through political storms by adjusting risk exposures across our portfolios, which was a beneficial approach for our funds.

Electing to control risks

The election of a new US president brought more uncertainty. We reduced our risk exposure across portfolios around this event to effectively control them. As an example, for our Global Tactical Asset Allocation Fund, which is managed by Aegon Asset Management in the Netherlands, we took steps to reduce our exposure to risk related with US equities before the US elections. In the week before the elections we indeed saw

a heavy drop for US equities, and while in the end we weren't able to make additional profits as the market unexpectedly reacted very positive to the Trump election, we did successfully reduce our risks.

With more clarity on what the new administration means for both the US and global economies, we will have more certainty in relation to investment risks to take or avoid.

Group Risk function

Our Group Risk function ensures a coherent and integrated approach to risk management, supported by a comprehensive range of company-wide risk policies that detail specific operating guidelines and limits. These are designed to keep risk-specific exposures to a manageable level. Any breaches or warning levels trigger immediate remedial action or heightened monitoring.

The Management Board is fully advised on, and regularly updated about, this important function. Our Group Risk Officer, Allegra van Hövell-Patrizi, was appointed as a member of the Management Board in January 2016.

Aging and changing demographics

Never before has our planet contained so many older people, who account for such a large percentage of the total population. This places pressure on publicly funded health and pension payments, but it also offers opportunities.

THE ISSUE

Lower birth rates and increased longevity means that more of us are becoming dependent on fewer people, putting pressure on pay-as-you-go public pension schemes. The 'dependency ratio' – a calculation of those typically not in the workforce (usually taken as people who are 65 years and over), relative to those typically in the workforce – indicates that for Western societies the ratio should be one to four, or 25%. Eurostat predicts that ratios in 2060 will be close to 40% in the US, 50% in the European Union, and 73% in Japan (compared to 21%, 27.5%, and 40.5% respectively today).

Some governments are reacting by increasing the retirement age. But while research confirms that the expected retirement age among workers in the US is above 65¹, it also finds that current US retirees indicate they retired at the median age of 62 (median). The majority retired sooner than planned due to unemployment or health issues.

Alongside governments and employers restructuring their pension arrangements, the number of self-employed, flex and contract workers are increasing. Research also shows that people are combining work with caring for children, elderly relatives or both, which can impact their savings. All of which necessitates people being more proactive in their financial planning to meet their financial needs over an extended old age.

At Aegon, we see it as our role to inform governments, employers and the public of the potential retirement shortfall, while acknowledging the different speeds of development in each of our markets.

We are informed about trends, issues, and opportunities surrounding longevity, population aging and retirement security by independent research carried out by the Aegon Center for Longevity and Retirement (the Netherlands), the non-profit Transamerica Center for Retirement Studies (TCRS) (US), and the non-profit *Instituto de Longevidade Mongeral Aegon* (Brazil).

We calculate the Aegon Retirement Readiness Index based on responses from workers in 15 countries in Europe, the Americas, Asia, and Australia. 2016 was the fifth successive year in which we have measured this index, this year's results underscore that there is still a long way to go before retirement readiness can be declared 'mission accomplished'.

Changing demographics and population aging mean that people expect to live beyond 80 in many countries and retirement has become a phase of people's lives that often lasts longer than childhood. The Aegon Retirement Readiness Survey measures peoples' attitudes and readiness for retirement, providing recommendations for individuals, companies and governments. This is a new material issue for us, and an area we are exploring further as part of our approach to responsible business. For this reason we do not have any metrics by which we can measure progress – but we hope to develop these in the coming year.

Irrespective of age

As a company, we need to be able to pay the pensions of our customers, no matter how old they become. To do this, and as part of our strategy to enhance our risk-return profile, and improve capital efficiency, we completed a fourth longevity transaction in the Netherlands in June 2016. This transaction builds on previous longevity deals. The hedge, covering close to €3 billion of underlying reserves, provides protection for a period of 50 years against longevity improvements above a given threshold.

A longevity hedge is essentially a reinsurance of the risk that a customer will live beyond the pension reserves that we have accrued. Typically, longevity swaps cover older customers who are already retired, but the market is increasingly open to taking longevity risk for those who are still working. Aegon is helping to ensure pension obligations are protected for older as well as for younger participants.

We see longevity risk management as an important part of our overall capital and risk management and will continue to manage our hedging program to match the underlying obligations.

Long-term care

Like many insurers faced with higher than anticipated claims and increased life expectancy, we are seeking price increases in our long-term care (LTC) products in our US business, Transamerica.

With many industry peers discontinuing the sale of new LTC policies altogether, we hold the view that a better approach is for people to build social care costs into their retirement plans. More flexible pensions, which give pensioners control over how much they withdraw each year, is one way to tackle the longevity and LTC challenge.

¹ 58% of US employees expect to retire after 65, or do not plan to retire at all, according to the Transamerica Center for Retirement Studies (TCRS).

- 30 Our strategy
- 31 Our business model
- 32 What are our strategic objectives?
- 34 Case study – Loyal customers
- 36 Responsible investment
- 38 Case study – Empowered employees
- 40 Our financial targets
- 41 Our financial performance in 2016
- 42 Case study – Operational excellence
- 44 Responsible business
- 46 Case study – Optimized portfolio
- 48 Responsible approach to tax

We want to be a trusted partner for financial solutions at every stage of life

Our strategy

Our strategy

Everything we do ties back to our purpose – to help people achieve a lifetime of financial security. We have been proud to serve our customers for over 170 years.

To continue for the next 170 years and beyond, we follow a clear and steady strategy, even if everything else around us is volatile.

Certainty for a lifetime

Change is a constant – we've navigated through numerous recessions, wars and interwar periods, historic inflation highs, unprecedented interest rate lows, shifting political climates and regulatory change – and 2016 was no exception.

Amid disruption and upheaval, customers need and demand transparency, superior service and products and – above all – certainty in an uncertain world.

We provide this by building a long-term relationship with our customers. During their working lives, we help them to protect and accumulate wealth for retirement – whether individually or collectively through workplace retirement solutions. And we're increasingly offering more flexible approaches to income solutions at and after their lifetime. We offer our customers simple and convenient choices, and provide relevant information, guidance and advice.

Strategy into speed

While our strategy destination has not changed, the way and the speed of implementation has. Pivotal to facilitating faster, more efficient change, is our transformation into an increasingly digital company. We strive to become an organization that delights its customers, adapts quickly to new opportunities, owns both the problem and the solution, and builds on the ideas of others.

Our strategic objectives

Our strategic objectives, put in place in 2010, still guide our actions: Loyal customers, Empowered employees, Operational excellence, and Optimized portfolio.

We recognize that the foundation of any successful business depends on addressing customer needs and communicating with them in the way they prefer, whether online or offline. We prioritize digitally-enabled customer experience in the knowledge that happy customers will prefer us over competitors, stay with us longer, and buy more products.

We provide excellent service to our customers at competitive cost levels. We prioritize modernizing processes and technology by digitization, standardization, automation, and simplification. To deliver a superior service, worthy of high Net Promoter Scores, we aim to be an attractive employer, and to ensure that our employees are empowered and enabled in this digital era, so that they can be our most important ambassadors.

And, to optimize portfolio we invest in businesses and market segments that are core to our business, offer attractive and sustainable prospects for growth, and ensure a strong and stable balance sheet to meet our long-term commitments to our stakeholders.

Acquisitions can accelerate the implementation of our strategy, providing us with access to new technologies and scale in markets in which we are already active. We apply several strategic and financial criteria when deciding to invest. A similar approach is taken when considering the potential divestment of existing activities.

You can find examples of how we put these pillars – our four strategic objectives – into practice on pages 34-35, 38-39, 42-43, and 46-47, and throughout this Review.

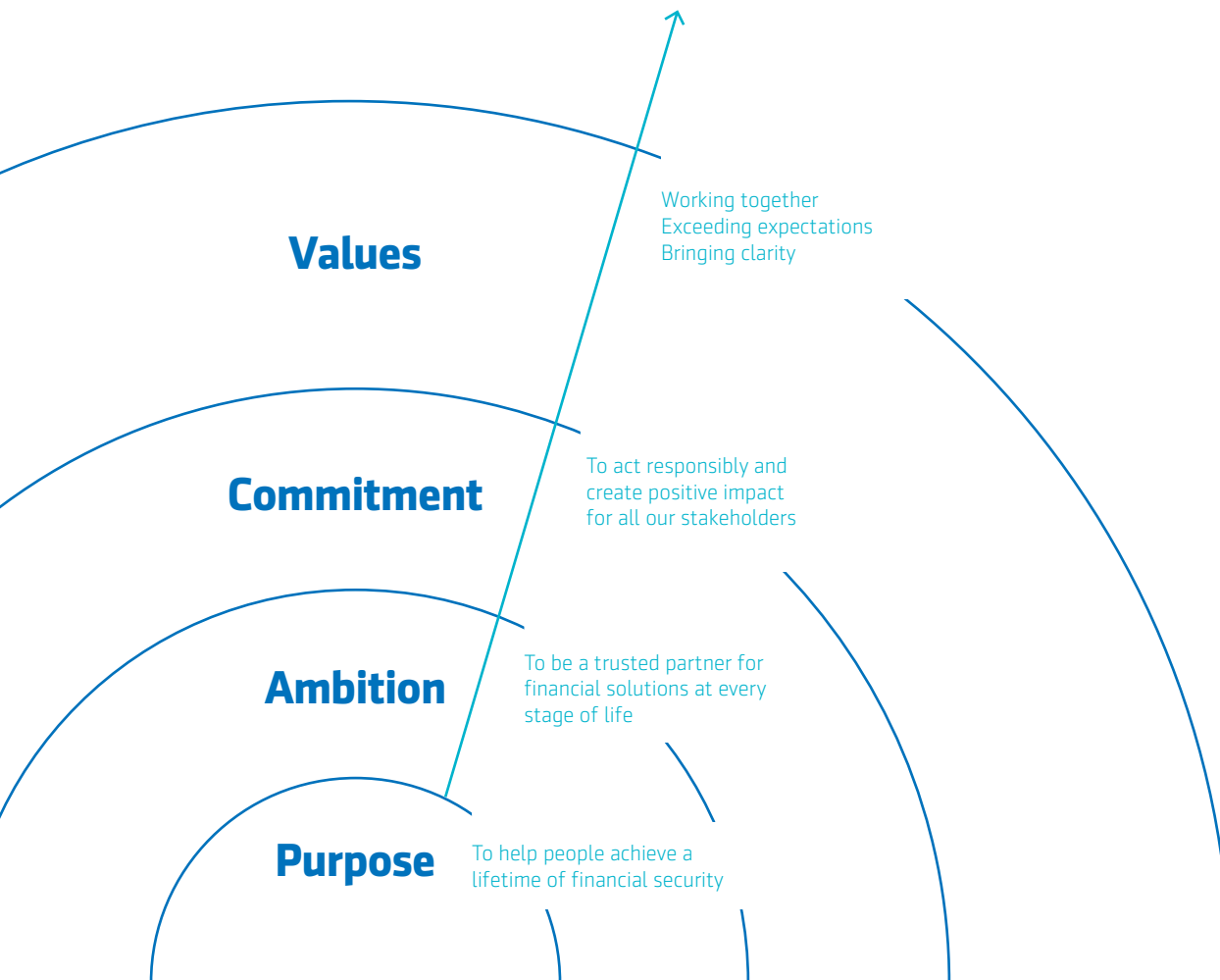
Financial targets 2018

In January 2016, we laid out our financial targets for 2018. Our aim is to achieve a return on equity of 10% by 2018. In addition, we aim to reduce annual operating expenses by €350 million and to return over €2 billion of capital in 2016-2018 to our shareholders.

We made significant inroads towards these targets in 2016, while maintaining a strong capital position and a solid Group Solvency II ratio of 157% at the end of the year.

Our business model

As a life insurance, pensions & asset management company, we charge premiums in exchange for protecting our customers from risk and put investments to work to generate returns.



Customers

We develop products and services, and seek to build a lifelong relationship with our customers.

We price our products and services by assessing risks such as movements in the financial markets, and changes in mortality and morbidity.

Sales & distribution

We offer our products directly to our customers or through brokers, banks and other intermediaries who receive a fee or commission from us or our customers. As an insurer, we underwrite our products and services to ensure we can assess and manage risk, and meet our obligations.

Pay-in phase

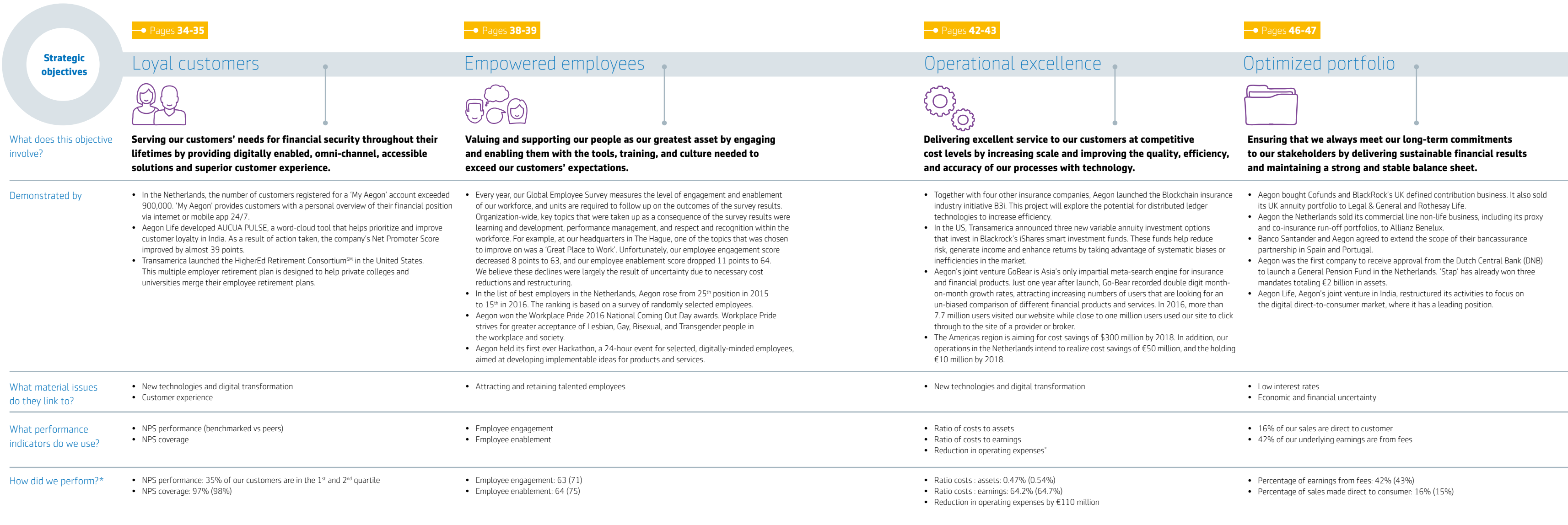
Customers make deposits or pay premiums on our products, which we then invest to pay benefits when the time comes. As the money we receive is often spread over a number of years, whereas most marketing and sales costs are immediate, these costs are included on our balance sheet and gradually reduced, or amortized, over time.

Pay-out phase

Products such as pensions and annuities mature and enter a pay-out phase. With life insurance, this happens when a claim is made. Beneficiaries receive either a lump sum or a series of regular payments over a specified period of time.

What are our strategic objectives?

Our strategic objectives support our ambition to be a trusted partner for financial solutions at every stage of life.



* For comparison, figures in brackets represent 2015 figures.

* This number is not in the scope of our audit.



An unexpected arrival

Building a secure future

Most people have months to prepare for a new baby, but for Astrid Velland from Rotterdam, the transition from single life and financial independence happened virtually overnight.

When Astrid's sister-in-law died in childbirth, she stepped in to raise the child. "Things can change when you least expect it," she says.

At the age of 51, she was a new mum with big responsibilities. Due to initial complications in the adoption process, child benefits were delayed, she had to eat into her savings, and soon slid into debt. "I didn't want my son to go without, but with all the other bills, I couldn't pay my mortgage," she says.

Astrid called Aegon in despair and spoke to Beatrice Brown of the debt department. Beatrice determined that Astrid might avoid foreclosure with the help of a budget coach. After switching her mortgage, reining in spending, and drawing up a financial plan, Astrid is back on track. "I am so grateful," she says. "If I had lost my home, I might not have been able to keep my son. Now we can both look forward to a secure future."

78%

The percentage of Aegon businesses offering products designed for customers on low incomes is 78%.

61%

The percentage of Aegon businesses with an active financial literacy program is 61%.

97%

The percentage of Aegon businesses using the Net Promoter Score to measure customer loyalty is 97%.

Actions speak louder than words: Responsible investment

We aim to be a responsible investor: we identify, understand, and act upon the key environmental, social and governance (ESG) risks for the organizations, industries, and sectors we invest in.

Impact investments

| | | |
|---------------------------------|-----------------------------|---------|
| Affordable housing | €4.8 bln | 11 |
| International development banks | €1.6 bln | Several |
| Renewable energy | €309 mln | 7 13 |
| Green bonds | €119 mln | 7 13 |
| Care homes for the elderly | €213 mln | 3 |
| Sustainable timber | €14.4 mln | 15 |
| Micro-finance | €43.3 mln | 1 8 |
| Social ¹ | €106 mln | 4 |
| Green RMBS ² | €57.4 mln | 12 13 |
| Total impact investments | €7.2 bln³ | |

The UN Sustainable Development Goals are:

- 1 No poverty 2 No hunger 3 Good health & well-being
 4 Quality education 5 Gender equality 6 Clean water and sanitation
 7 Affordable and clean energy 8 Decent work and economic growth
 9 Industry, innovation and infrastructure 10 Reduced inequalities
 11 Sustainable cities and communities 12 Responsible consumption and production 13 Climate action 14 Life below water 15 Life on land
 16 Peace, justice and strong institutions 17 Partnership for the goals

¹ Includes student loans and sports development investments.

² Green RMBS – Residential mortgage-backed securities.

³ Our Impact Investments account for 2% of our total investments.

Since adopting our Group-wide policy in 2011, our approach has focused on incorporating ESG factors into investment decision-making, active ownership through engagement and voting, and the exclusion of certain controversial investments. Our goal has been to integrate responsible investment (RI) thinking with existing processes. These include investment research and decision-making, risk management, compliance, and communications.

Integration

2016 saw two major developments: first, we updated our Investment and Counterparty Risk Policy to introduce the requirement that all investment mandate documentation must reference our approach to responsible investment. Although this may differ depending on the region, the asset class, or the client type, this means that responsible investment and ESG matters are always discussed when the terms for a specific investment mandate are agreed. This measure will bring responsible investment further into our mainstream company processes and culture.

A gap analysis of our responsible investment policy also identified the need to ensure that external managers are complying with the policy. A focus area for 2017 is the next step towards further ESG integration: to discuss responsible investment and ESG with our external asset managers.

Second, we also introduced a new responsible investment governance structure. We split the Responsible Investment Committee, originally formed in 2011, into two: the Responsible Investment Strategy Committee, and the Responsible Investment Technical Committee.

The Responsible Investment Strategy Committee has given new momentum to our responsible investment initiatives, and has ensured that we stay true to our responsible investment strategy and our business objectives in selecting and implementing our responsible investment activities. Mark Mullin, Aegon Management Board member, and CEO Aegon Americas, was appointed chair of our Responsible Investment Strategy Committee.

As part of our Responsible Investment Policy we have an exclusion list, a list of companies and countries which we will not invest in. This list is updated at least once a year, and is applicable to all assets in our general

“I believe that we should act as One Aegon across the regions of our business. The Management Board has also endorsed sustainability and responsible investment. We want to make sure that we take seriously our commitment and expectations in this area. Most important to me is to ensure that we link these efforts to our key business drivers – we should think about sustainability efforts as something that demonstrably impacts our business. We should think about this in terms of success for all of our stakeholders – improving our communities and empowering our employees.”

Mark Mullin Transamerica President and CEO Aegon Americas

account (and also our third-party assets in the Netherlands). In 2016, mining companies that derive 30% or more of their revenue from coal mining activities were added to our exclusion list. The list applies to 25% of our total assets under management (down from 27% in 2015). Our third-party business is growing, and as a result we see the percentage share of our general account decreasing. With respect to our third-party business, our customers ultimately determine which exclusions we apply, as such, we see it as our duty to discuss with our customers the importance to invest responsibly.

In other areas of our ESG integration we see positive movements. For example, we engaged with over 110 companies on environmental and/or social topics (of a total 353 engagements), up from just 22 in 2015.

Climate change

Climate change was a key theme of our strategy in 2016. Following a decision from the Management Board in December 2015 to explore the impact that climate change can have on our investments, Aegon Asset Management analyzed climate change investment risk. Working together with the South Pole Group, a global consultancy on emissions reductions solutions, and an internal project group of risk managers, investment portfolio managers, and investment analysts from across our business, we looked at carbon footprint methodologies. We concluded that a carbon footprint analysis for an investment portfolio is not the clear risk indicator that some claim it to be.

Also, because of the many uncertainties around climate change – such as what actions governments will take to tackle it, how the energy transition will play out, or how this will affect organizations and industries – the project group recommended the establishment of a more permanent Group-wide climate working group. This group will

ensure we remain well-positioned to track relevant developments around climate change and assess how these developments shed further light on the impact of climate change on the organizations and industries in which we invest.

Climate investment opportunities

We also look at investments related to climate change, although specific investment opportunities that also meet our strict risk-return requirements – to ensure we always meet policyholder obligations – are scarce. For example, in 2016, we established a fund focused on solar investments for third-party clients in the US. We made investments in wind energy, including a Norwegian wind park, and participated in the first green residential mortgage-backed security, Green Storm. This new form of green bond is used to finance mortgages for new and refurbished homes that meet the highest standards for energy efficiency in the Netherlands. Investors were selected based on an assessment of their green credentials. We were selected after receiving a 'dark green' rating, indicating a higher standard. We invested a total of €60 million both for our proprietary book and for third-party clients. We continue to explore further opportunities for more substantive investments.

Impact investment

While our total impact investments have seen little change in value from 2015 to 2016, we made investments in microfinance – a new type of investment for us. Following an in-depth review of the microfinance market. We selected Triodos and responsAbility funds for a first round of investment, and at the end of 2016 we had invested €43 million.

Impact investment discussions increasingly center on the United Nations Sustainable Development Goals (SDGs). In 2016, we were part of a coalition of Dutch banks, insurance companies and pension funds that analyzed the SDGs as a guiding framework for impact investing. This led to the report 'Building Highways to SDG Investing' which was presented to the Dutch Minister for Foreign Trade and Development Cooperation, Lianne Ploumen. For more about our approach to the SDGs please see pages 88-89.

Hack to the future



Over 35 Aegon employees volunteered to be locked up in an industrial wasteland for 24 hours, and tasked with stretching their analytical minds.

Participants came from the Netherlands, Spain, Hungary, Poland, Romania, Slovakia, Singapore, and the Czech Republic to take part in the first Aegon Hackathon, which resulted in eight new digital and data-driven initiatives, all of which will be picked up for implementation.

Rogier van Hamburg, Head of Digital Strategy & Business Development, Center of Excellence (CoE) for Digital, said the event was "mind blowing". "Our hackers proved how new ideas and prototypes can be created just by allowing our colleagues to think and act like a start-up. A total of eight viable ideas and prototypes were created, which is the great result of 24 hours of working together as one."

Sergiu Barbu, from Aegon Romania, was on the Sharpie's Angels team that won an investment of €10,000, and 60 hours of support time from the CoE. While details of the initiatives cannot be shared for competitive reasons, the judges' criteria included: business impact; customer focus; and the quality of the viable/fact-based approach.

97%

of participating employees reported that they gained new digital skills and insights during the hackathon.

80

energy drinks were consumed to survive the sleepless night.

8

ready-to-develop concepts were created during the hackathon.

A hackathon is best understood as an event in which computer programmers and others collaborate on software projects. The Aegon Hackathon event of October 2016 borrowed the spirit of hackathons to bring analytical and development innovators together from across Aegon for an intense 24-hour development session.

Our financial targets

Delivering on our financial commitments is a top priority. We increased our expense savings target by €150 million to €350 million to stay on track. At the same time, we reaffirmed our focus on transforming the business, and maintaining a strong balance sheet.

Despite regulatory changes, historically low interest rates and lower than expected profitability of sales, management actions continue to keep us on track with our targets.

Return on equity

Aegon management reaffirmed its commitment at the December 2016 Analyst & Investor Conference to focus on return on equity as one of our key performance indicators, to deliver attractive returns to shareholders. Our objective remains to achieve a return on equity of 10% by 2018. We will achieve this through growing our fee-based business and reducing operating expenses.

We intend to return capital to shareholders of €2.1 billion over 2016-2018, consisting of a €0.4 billion share buyback, which we completed in 2016, and dividends of €1.7 billion in 2016-2018, with an expected dividend pay-out ratio over the period of 50% of free cash flows after holding costs.

Growing the business

In addition, we aim to realize 10% annual average sales growth over the period 2016-2018 with a focus on growing our fee-based businesses and expanding in Asset Management.

Aegon Asset Management's third-party assets under management are expected to increase to over 65% of total assets under management by 2018.

Reducing expenses

In December 2016, we increased our annual cost savings target for 2018 to €350 million, up from the original €200 million target communicated in January 2016. The increased savings potential will primarily come from the Americas, where we are simplifying the business to reduce expenses and increase efficiencies.

This is most notable through the One Transamerica program under which existing divisions have been merged into one functionally organized business. The Americas region is aiming for cost savings of \$300 million by 2018. In addition, our operations in the Netherlands intend to realize cost savings of €50 million, and the holding €10 million by 2018.

Targets and priorities

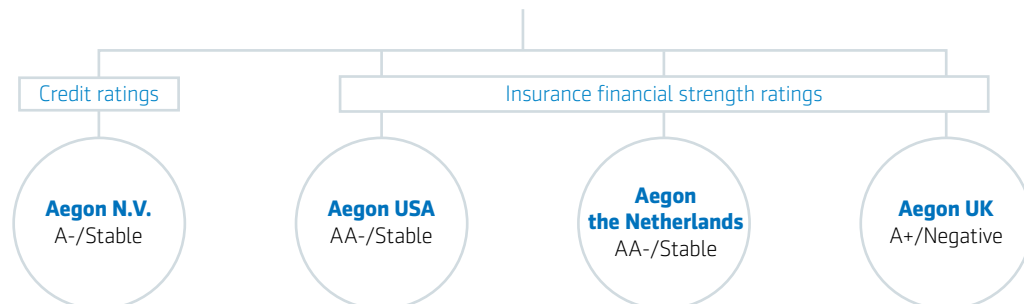
- Achieve a return on equity of 10% by 2018.
- Realize operating expense savings of €350 million by 2018.
- €2.1 billion total capital return to shareholders over 2016-2018 through a €0.4 billion share buyback and €1.7 billion dividends.
- Attain an annual average sales growth of 10% by growing our fee-based businesses.
- Maintain a solid capital position with a Solvency II ratio within a range of 140-170% at Group level.

Solid capital position

Aegon's solid capital position is important to all our stakeholders. We aim to have a Solvency II ratio within the 140-170% range at Group level, an excess capital at the holding company of between €1.0 billion and €1.5 billion, and a leverage ratio in the 26-30% range. Next to these targets, it is our aim to maintain strong insurance financial strength ratings in our operating units. In 2016, we maintained robust ratings from leading international rating agencies for our main operating subsidiaries, and a strong credit rating for Aegon N.V., our parent company.

Standard & Poor's ratings

(at end-December 2016)



Our financial performance in 2016

Our continued transformation from spread to fee and protection is ensuring we are resilient in the face of challenging market conditions. In 2016, we distributed €930 million of cash to our shareholders through a €400 million share buyback and €530 million in dividends.

We continue to derive part of our earnings from spreads, while protection features broaden the scope of our relationship with customers and provide us with diversity and balance that pure record-keeping and asset management services cannot do. Our objective, therefore, is to maintain appropriate diversification and balance between our various sources of income.

Underlying earnings

Underlying earnings before tax increased by 2% to €1,913 million in 2016, as expense savings and favorable equity market impacts were more than offset by adverse claims experience, lower variable annuity results in the US, and lower interest rates for most of the year. Capital generation from our operating units, excluding market impacts and one-time items, amounted to €1.2 billion in 2016.

Expense savings of €110 million were realized in 2016, driven by our business in the US, where the headcount was reduced by 800 positions.

Return on equity was 8.0%, an increase of 70 basis points versus 2015 as net underlying earnings were stable, as was shareholders' equity, partly as a result of capital returned to shareholders.

Solvency II

Solvency II became effective as of January 1, 2016. We opted to use a partial internal model, approved by our regulators. Our Solvency II ratio as of the end of 2016 was 157%, which was at the upper end of our 140-170% target range.

Long-term value

Living up to our purpose, to achieve a lifetime of financial security, means providing the right solutions and a unique experience for our customers, which creates long-term value for both customers and our investors. We distributed €930 million in cash to our shareholders in 2016, through a €400 million share buyback and €530 million dividends.

Trust in sales

Sales increased 15% compared with 2015, reaching a record high of €12 billion. Gross deposits increased 21%, reflecting our focus on the expansion of our fee-based businesses. Notable contributions were made by Asset Management, the US pension business and the Netherlands.

Revenue-generating investments increased to €743 billion due to higher third-party off balance sheet assets and favorable market movements.

As part of our strategy, we will continue to capture a larger part of the value chain by expanding in asset management, administration, guidance and advice and by improving on user experience to broaden our customer base.

Net income

Net income amounted to €586 million, reflecting other charges. Other charges amounted to €771 million and were largely caused by a book loss on the annuity divestment in the United Kingdom.

We continue to monitor and assess all our business units on a number of metrics – not just financial – to determine whether they contribute to the successful execution of the Group Strategy. As our CEO highlighted at the December Analyst & Investor Conference, we ask “Do these businesses fit our strategy? What growth prospects do they have? Do they deliver returns now and will they in the future?”

As a result, we restructured our Affinity businesses in Asia that were not generating a profit, and continue to invest in digital businesses. In Europe, where markets are increasingly converging, we are seeking synergies through shared back-office support, digital excellence and product knowledge in line with our strategic objectives.

Capital generation

Aegon's businesses generated €1.2 billion in capital during 2016, excluding negative market impacts and one-time items of €0.2 billion. After subtracting the funding and operating expenses of the holding, a free cash flow of €0.8 billion remained.



Optimizing our activities

A new way of doing business

Identifying new ways to interact with and serve those who depend on our long-term financial solutions is central to our strategy. This means investing in new approaches, while at the same time finding ways to reduce costs and operate with greater efficiency.

Our US business, Transamerica, embarked on the first phase of implementing Watson, an IBM supercomputer application that combines Artificial Intelligence and analytical software as a 'question answering' machine.

Watson returns an appropriate response to our Customer Service Representatives in seconds, saving them from memorizing the locations and contents of almost 1,000 stored documents, any one of which may contain up to 100 pages of highly detailed product information.

The technology will significantly reduce handling time at our contact centers and put an end to customer queries being transferred to multiple departments.

The pilot is initially being used internally as the system's learning algorithm continues to build its knowledge of Transamerica-specific products, services, synonyms and even speech nuances. As Glynis Coutee, Lead Global Architect, says: "Watson does not replace the human, it augments human knowledge to provide a better experience for our customers."

200 GB

of documents will be taken in by Watson and the users will annotate approximately 10% of the total documents.

\$300 mln

The IBM Watson project contributes to Aegon Americas' \$300 million cost savings target for 2018.

16 mln

We have more than 16 million customers in the Americas.

Re-thinking our approach to sustainability

2016 was a year of re-thinking sustainability for Aegon. We made a commitment to act responsibly and create positive impact for our stakeholders, and we've been further defining what this means for us.

We've listened to, and engaged with, our stakeholders to find out what they think is most important. Our materiality analysis (see pages 22 and 23) highlights the key trends, risks and opportunities that could affect us in coming years, as identified by our stakeholders.

In 2016, we organized a number of focus group discussions with our customers and employees in our three main markets – the US, the UK, and the Netherlands. These discussions were specifically designed to receive input on the future sustainability focus of our business. What we found was that our employees and customers see opportunities for Aegon to differentiate on sustainability by minimizing the negative impact of our operations and investments, but also by enhancing our positive impact via targeted products and services, and our investments. We also learned that we should focus on what we're good at – helping people achieve a lifetime of financial security – but in addition, our employees and customers increasingly want to see further evidence that we care about them, their quality of life, and the world we will all retire in one day.

This informs our thinking around what Aegon as a company stands for, how sustainability will become an integral part of our business and strategy. Our future approach will focus on our role in making people aware of the relationship between financial security and well-being, and helping them enjoy a long and healthy life. We see opportunities for us to address societal and financial issues around longevity and aging amongst other topics through our approach to responsible investments. And, as part of this, we also feel strongly about our responsibility to contribute towards a clean and healthy environment.

Being a responsible business

We are a stakeholder-driven company – which means that we do not want to cause harm to any of our stakeholders, whether they're customers, employees, communities, or employees of the companies we invest in or do business with.

There are a number of activities that, while important from a stakeholder perspective, are not always material or of strategic relevance to us because of the nature of our business and industry. Nevertheless, we firmly believe there is a minimum standard that we should live up to for these activities.

One example is the management of our environmental footprint. Because we are primarily an office-based company, our environmental footprint is relatively small. Despite this, we still implement energy-efficient measures. Where possible, we have switched to renewable energy and in 2016 we made the decision to become a carbon-neutral company by offsetting all our remaining emissions. We applied this retrospectively to 2015. We will continue to decrease our gross carbon emissions and purchase renewables where we can, and offset our remaining emissions to meet this goal.

Other activities for which we feel we should meet society's expectations are transparency and clarity in our products and services, protecting customer data, being a responsible tax payer, and ensuring we do not directly or indirectly infringe on the human and labor rights of our stakeholders, and those of our suppliers and the companies we invest in. For more information on our framework around human rights see page 87.

Sustainability is an
integral part of our
business and strategy

That is our approach

Building a leading platform

Integrating to deliver efficiencies

During 2016, Aegon UK considerably picked up the pace of its transformation towards becoming the leading platform in the country, with the disposal of its annuity business, the purchase of BlackRock's defined contribution business, and the acquisition of Cofunds from Legal & General, which was finalized in January 2017.

The UK platform growth is driven by a combination of new business and a core strategy of upgrading customers from its older platforms.

Paul Bucksey, Managing Director, Workplace Solutions, was one of 30 BlackRock employees to join Aegon's 50+ team in London's iconic Leadenhall Building in August, 2016. "We are now fully integrating the sales and client relations teams to bring the best of Aegon to our corporate clients and their advisors. We have amazing views of the Shard, the Millennium Wheel and St. Paul's, but we don't spend a lot of time looking at them. We're far too busy combining the expertise of the BlackRock team in trustee and investment-only pensions with Aegon's existing specialisms, particularly in the SME workplace market."

165,000

Aegon UK upgraded 165,000 customers to its platform in 2016.

€16 bln

We have €16 billion assets under management on our UK platform.

€100 bln

Record gross deposits increased by 21% to €100 billion, driven partly by UK platforms and retirement plan deposits in the US.

Responsible approach to tax

We are firmly committed to making valuable economic and social contributions to the communities in which we operate, both through our own tax payments and through collection and payments of third-party taxes. We seek to pay 'fair taxes', which for us means paying the right amount of taxes in the right places.

It is our policy to allocate profits where value is created through our commercial business activities. For us, tax follows business, which means that our decisions are taken for business reasons and not for tax advantages. We won't, for example, set up artificial tax structures or base business in countries simply to reduce the amount of tax we pay.

As a result of the dialogue with internal and external stakeholders about the need for a Global Tax Policy, we were happy to publish our new Global Tax Policy on our website aegon.com in 2016. This policy outlines Aegon's approach to responsible taxpaying, which seeks to align the long-term interests of all our stakeholders, including customers, employees, business partners, investors, and wider society. Also meetings with several NGOs are being held to discuss Aegon's tax strategy and policy on a regular basis.

In our relationship with tax authorities, we strive to work together in a constructive and transparent manner. This extends to public discussion and disclosure around the policies and principles of how our tax affairs are approached, and the overall governance and oversight of our tax position.

Disclosures around taxes are provided in our financial statements and tax payments in our main markets. We are preparing for country-by-country reporting, and will ensure that the relevant information will be provided in a transparent and accurate manner to the tax authorities in 2017. We are currently assessing the value that public disclosure of this information might have for our business and our stakeholders.

This year, we have also provided details of our total tax contribution companywide and by region in the following two charts. The scope is the total of taxes borne and taxes collected. Taxes borne are a cost of business and affect the financial results. Taxes collected are not a direct cost of business, but are collected on behalf of government from others. The reported numbers are on cash payment (CIT) or accrual basis.

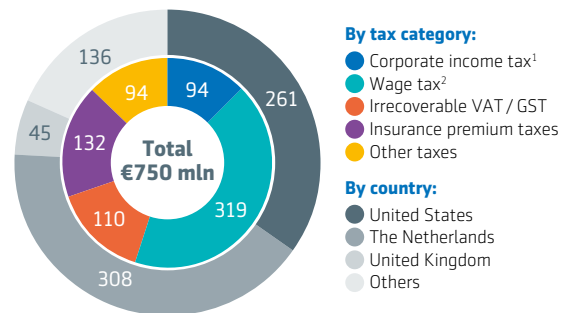
Aegon's tax function maintains an adequate staff of properly educated and trained tax professionals to provide timely and high-quality tax support to our commercial decision-makers. In this regard, proper governance and procedures are in place to ensure that 1) the tax team

understands and is engaged in the tax effects of day-to-day business operations and involved in all significant business developments, investments and transactions; and 2) the tax consequences are considered as part of every major business decision and; 3) Aegon's TCF is constantly evolving to a higher maturity level.

Aegon's tax function reports to the Executive Board and Management Board in a structured and regular way, about the management of the day-to-day operations, status and effectiveness of the function. At least annually, the tax function reports to the Audit Committee of the Supervisory Board.

Taxes borne by Aegon*

In € million

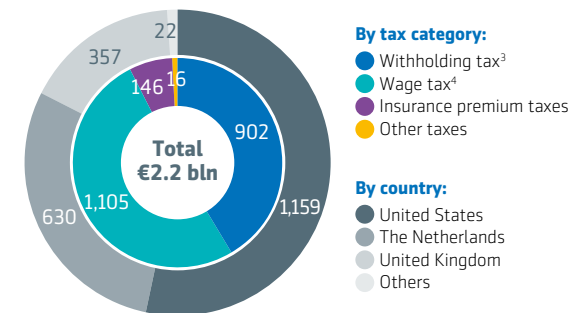


¹ Includes state tax and withholding tax.
² Own personnel (including social security tax).
³ Includes dividends, interest, royalties and other.
⁴ Policyholders (including social security tax).

* These figures are not in the scope of our audit.

Taxes collected on behalf of others*

In € million



¹ Includes state tax and withholding tax.
² Own personnel (including social security tax).
³ Includes dividends, interest, royalties and other.
⁴ Policyholders (including social security tax).

* These figures are not in the scope of our audit.

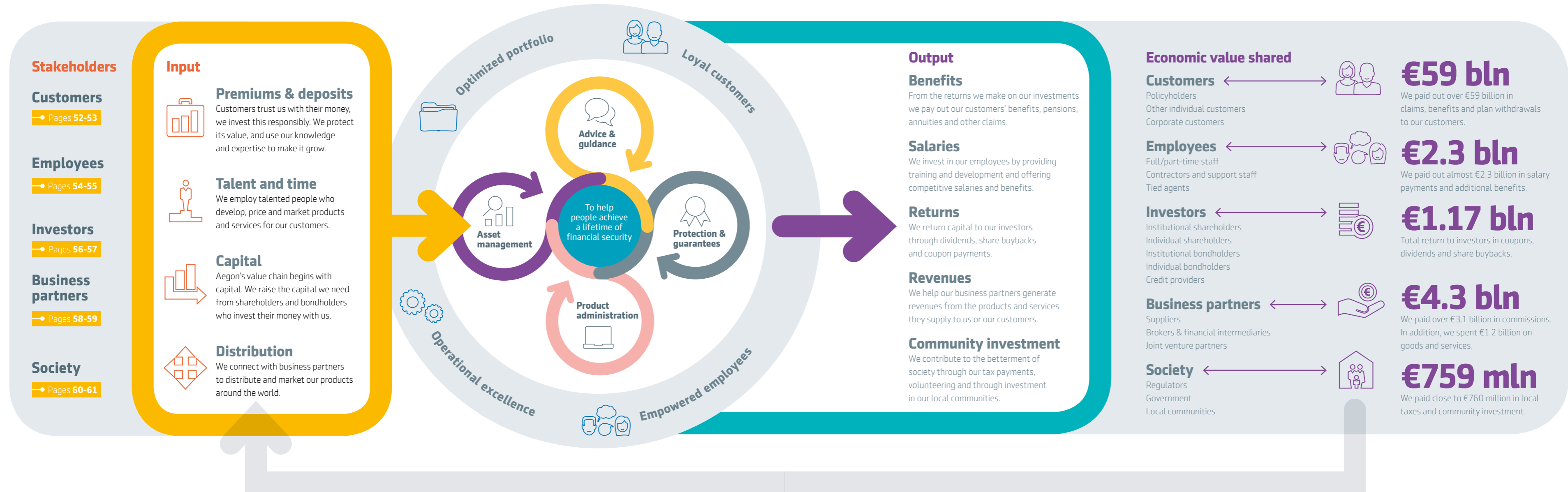
- 50 Our value chain
- 52 For our customers
- 54 For our employees
- 56 For our investors
- 58 For our business partners
- 60 For our local communities
- 62 Supervisory Board Chairman interview

We maximize the value of our assets and investment activities

How we create and share value

Value creation model

Our value chain shows how we create a positive impact at every stage of our business.



COLLOID 14
FOLLOW IN
THEIR FOOTSTEPS

Answering the big questions

For almost 40 years, Science Systems and Applications, Inc. (SSAI), has supported NASA, the US government and others in seeking advances in Earth and space science.

In 2005, SSAI selected Transamerica to administer its employee retirement plan, which has grown to more than \$107 million in assets for over 1,100 employees.

Anoop Mehta, SSAI President, sees a connection between Transamerica's values and the goals of his company. "We focus our passion for science and technology on exploring important questions to improve the quality of life for us all. Transamerica helps our employees improve and explore their future quality of life in retirement."

There's a science to customer focus

Create and share value for our customers

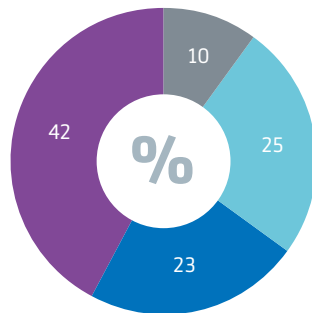


We build customer satisfaction and loyalty, which adds value to our company.

€59 bln

In 2016, we paid out €59 billion in customer claims, benefits and plan withdrawals.

NPS performance



- 1st quartile
- 2nd quartile
- 3rd quartile
- 4th quartile

This chart shows our NPS performance compared to competitors in the US, the Netherlands, the UK, and Hungary, and is weighted on International Financial Reporting Standards and capital figures.*

* Due to missing data, the 2015 Review did not contain the correct benchmark scores for the 3rd and 4th quartiles, which should have been, respectively, 41% and 47%.

One of the key measures by which we define success or failure is by understanding the perspective of our customers.

Customer experience is the responsibility of the business units' management teams. We believe that the country units are best placed to know their markets and their customers, but we also know that units can learn from each other and replicate successes.

To encourage this kind of learning from each other, our Customer Strategy Campus¹ provides an opportunity for customer service professionals to meet for two days to exchange expertise and ideas.

Measurable improvements

Our NPS² program is an integral part of our transformation from a product-oriented, to a customer-centric company.

Research shows a strong link between NPS growth and a company's performance compared with its peers. A high NPS drives higher performance as customers buy more, stay longer, refer friends and family, and provide meaningful feedback.

NPS coverage is the percentage of our business³ that uses NPS as a measure of customer loyalty. The 2016 figure was very high at 97%, underlining that NPS is now universally adopted across nearly all our markets. We also measure our NPS performance benchmarked against peers in our three main markets⁴ as well as in Hungary. 2016 saw marked progress in our NPS performance.

We were also pleased to see the percentage of our businesses with benchmarked performance in the first and second quartile, rising to 10% and 25% respectively.

Moving with the times

Our NPS improvements can be attributed to the measures we are taking to get closer to customers. While we primarily offer products through brokers, agents, banks and financial advisors, we also increasingly offer information, products and services online, through direct marketing, and with distribution partners – such as retail chains outside the financial industry. We saw a slight rise in the percentage of direct to customer sales from 15% to 16%.

Touchpoint NPS

We made significant progress in our measurement of touchpoint NPS (tNPS) – the collection of feedback about a specific interaction between the company and customer. Several country units saw double digit improvement, including Turkey, India, Hungary, and Brazil.

In the US, we learned that some of our annuity customers were dissatisfied with their experience; this related to withdrawing money from their policies. Our US customer experience team partnered with the annuities team to map the customer journey, launch additional surveys and perform in-depth customer interviews to fully understand the low score.

We implemented changes including simplifying the process and forms needed from our customers. Overall NPS improved 16% and we saw an 8% reduction in related calls as a result.

1 Formerly known as the Customer Loyalty Forum or CLF.
 2 Net Promoter Score, a registered trademark, is a standardized metric used to measure customer loyalty.
 3 Weighted by IFRS capital.
 4 USA, UK and the Netherlands.

Ringling in the changes

In Aegon Hungary, we're achieving simpler and clearer customer relations through multiple means, such as the use of VoiceAnalytics[®] software to detect positive and negative emotions on calls. Zsófia Hontiné Sohajda, Customer Relationship Development Expert, and her team provide call center colleagues with evaluation and coaching. The initiative has reduced average call times by 19 seconds, and saved 263 hours of work per month.*

"By monitoring calls we can intervene if our communication is inadequate, incomplete or unclear," she says.

Zsófia and her team were nominated as 'most customer-centric' in the 2016 Global Aegon Awards. "If customers understand better, they trust us more. If they trust more, they remain loyal," she says.

* January-June 2016, compared to the May 2015 baseline.

Finding the right tone



Create and share value for our employees

One of our greatest assets is our workforce – our human capital. We have 29,000 employees around the world.

63

Our employee engagement score is 63, down from 71 in 2015.

64

Our employee enablement score was 64, down from 75 in 2015.

Our employees serve our customers and ensure we innovate and develop products and services in an increasingly digital and competitive world. Attracting and retaining talent is a challenge, and we need to have the right measures in place to help with this. This is why we appointed our Global Head of HR, Carla Mahieu, to the Management Board.

Our employees need to feel both engaged with the company and empowered to perform their jobs. We measure this with an annual survey, which, amongst other criteria, assesses employee enablement and engagement. Unfortunately, this year's results were disappointing.

Our employee engagement score decreased 8 points to 63, and our employee enablement score dropped 11 points to 64. We believe these declines were largely the result of uncertainty due to necessary cost reductions and restructuring to ensure our business is in the best shape for the future.

When restructuring, we try to keep compulsory redundancies to a minimum. We reassign staff within the company where possible and provide training, career advice, and access to external recruitment services for those leaving the company. While we lost some roles, we also made just under 3,300 new hires to ensure we have a diverse range of skills and employees.

This year, we used a new global employee survey supplier: Culture Amp. We retained the methodology previously used to compare engagement and enablement scores. In future years, we will replace employee enablement with more relevant

metrics to help us track the delivery of our strategy and our cultural transformation. We also revisited our leadership competencies so that we can model and accelerate behavioral change at every level.

Investing in our workforce

We paid our employees almost €1.5 billion in salaries and just over €800 million in other benefits. Our training spend was also up 6% to almost €15 million. This equates to over €600 per employee. We also offer other benefits such as part-time and flexible working, parental leave, health checks and paid volunteering time. We invest in a Technical Development Program, and in Aegon's Analytical Academy to develop, attract and retain key talent, and strengthen our expertise across functions and geographies.

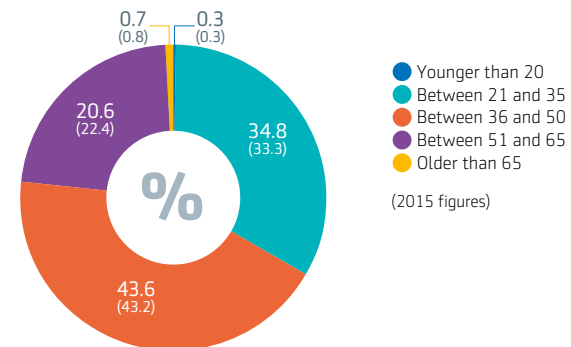
Coming Out

In 2016, our employees took part in more lesbian, gay, bisexual, and transgender (LGBT) celebrations than ever before, including Edinburgh, Scotland; Amsterdam, the Netherlands; and St. Petersburg, Cedar Rapids, Little Rock, and Dallas in the US. This reaffirms our commitment to our diverse workplace, which was acknowledged by Workplace Pride's 2016 National Coming Out Day competition, in which Aegon was chosen as overall winner.

Transamerica made a huge leap in the Human Rights Campaign's Equality Index, from 20 to 90 on a scale of 100. This reflects our hard work in ensuring everyone is welcome at Aegon with our inclusive policies, beliefs, employee resource group and community engagement.

Age breakdown

% of employees



The Dutch corporate governance and sustainability watchdog, Eumedion, represents 65 institutional investors, accounting for more than €5 trillion assets under management. Eumedion, which means 'good guardian' in Greek, safeguards shareholder interests in listed companies.

Rients Abma, Managing Director of Eumedion, says interactions with Aegon are constructive. "We meet with the CFO and sometimes the Supervisory Board to raise focus topics for improved reporting and other topical issues. Our participants pose formal questions at the AGM, and initiate productive dialogue.

"Aegon is an example of 'good practice' in producing a comprehensive integrated report showing its value creation, operating environment and long-term value creation for stakeholders."

Open for business

A dialogue with the 'good guardian'





Create and share value for our investors

It is our objective to maintain and further develop good corporate governance, to be a leader in our chosen markets, to optimize our resources, to invest in new growth, and to return value to our shareholders.

4%

Our dividend was up 4% to €0.26 per share in 2016.

€11 bln

Our market capitalization was €10.6 billion at the end of 2016.

€2.1 bln

Our target capital return to shareholders.

Aegon is traded both on the Euronext Amsterdam and the New York Stock Exchange, where we celebrated the 25th year of our listing in 2016. Around 37% of our shares are held by investors in the US, which is home to our largest business, Transamerica.

Our largest shareholder, with approximately 14.4% of voting rights – is *Vereniging Aegon*, an association that safeguards the interests of Aegon and its stakeholders.

Other significant shareholders are Dodge & Cox, BlackRock and Franklin Resources, each holding voting rights of over 3%. Institutional investors such as banks, insurance companies, pensions, hedge and mutual funds, owned approximately 78% of our shares at the end of 2016.

Open dialogue

Every year, our Investor Relations team, as well as senior management, meet with hundreds of investors and analysts. We hold regular conferences and webinars to provide updates on our performance and strategy and we publish this Review – which sets out our financial and non-financial information. As an integrated report, it is our intention that this publication presents a comprehensive overview of our value creation chain, and how Aegon creates long-term value for all its stakeholders.

We are acknowledged in the field of integrated reporting. We seek feedback from the International Integrated Reporting Council (IIRC), the Global Reporting Initiative (GRI), the Dutch Association of Investors for Sustainable Development (VBDO) and Eumedion, the Dutch corporate governance and sustainability platform, among others.

Analyst & Investor updates

In January 2016, management provided an update on our strategy and financial ambitions for the period 2016-2018. In December 2016, we reconfirmed our targets and increased our expense savings target.

Our investor conferences are accessible via live webcast, as is our Annual General Meeting of Shareholders, which is held in May each year. In addition, we distribute quarterly updates and a newsletter, which can be subscribed to on aegon.com.

Returning capital to our shareholders

Aegon pays a dividend to shareholders twice a year: an interim dividend announced on the release of its second quarter results and a final dividend after approval of the Annual Accounts at the AGM. In 2016, we completed a €400 million share buyback. We aim to pay €1.7 billion in dividends between 2016-2018 – reflecting a dividend payout ratio of 50% of free cash flows after holding expenses. We plan to return €2.1 billion in total.

Over the last six years, we successfully grew our business, with an average sales growth of 12% per year.

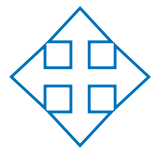
Aegon is a preferred supplier to Mercer, the global consulting leader advising clients on the health, wealth and careers of their workforce.

Transamerica partners with Mercer in the US pension administration business. In 2015, Aegon acquired Mercer's US defined contribution administration business providing clients with enhanced retirement planning, reporting and mobile access. In the UK, Mercer Workplace Savings includes the Aegon Retirement Choices (ARC) platform.

Fiona Dunsire, CEO, Mercer UK, says: "Mercer and Aegon share a passion for service excellence and delivering value through engagement and innovation. We're proud that together we improve the financial well-being of individuals and their families in the US and the UK."

Joined-up thinking

A preferred supplier



Create and share value for our business partners

Effective business partnering helps us to accelerate the execution of our strategy, optimize our resources and maximize our strengths to mutual benefit. By working with companies that share our vision and values, we become stronger than the sum of our parts.

16%

of our sales are made direct-to-customer through agents, affinity marketing or online.

€3.1 bln

We paid €3.1 billion on commissions and related expenses in 2016.

€332 bln

Aegon Asset Management manages assets of €332 billion.

We forge joint venture partnerships to help us quickly enter countries in which we would otherwise be unable to do business. One such example is the Aegon Asset Management and Industrial Securities joint venture Aegon Industrial Fund Management Company in China.

By partnering with La Banque Postale Asset Management (LBPAM) in 2015, Aegon secured access to an established distribution network in France, while LBPAAM benefits from Aegon's investment expertise.

Our Sustainable Procurement Policy

In all our partnerships, Aegon is committed to high standards of business conduct, as reflected in the Aegon Code of Conduct. Aegon expects all its suppliers to adhere to similar values, standards and business ethics.

To that end, we require our businesses worldwide to conduct regular risk assessments of our key suppliers to enable Aegon to identify and manage social and environmental sustainability risks associated with the purchase of goods and services. The Sustainable Procurement Policy also serves to create a positive and constructive relationship between Aegon, its suppliers, and the communities in which they operate. This enables us to reinforce our broader aim to contribute to well-being and sustainable economic development through our business activities.

Partners in innovation

In February 2016, Aegon UK partnered with Intelliflo, a two-way integration provider that links a business management system, 'intelligent office', and Aegon's One Retirement Choices platform to speed up processes. A few months later, Aegon bought a minority stake in ROMEO Financial Services, which provides back-office services for financial advisors as well as a new 'hybrid' franchise for mortgages and insurance. The concept couples face-to-face interaction with a digitally fast response. This fits our multi-channel approach – meaning that customers choose themselves how to interact, whether it be through an advisor, a bank, in person, by phone, digitally, or by other means.

Start-up investments

For the past three years, our dedicated investment fund, Transamerica Ventures, has explored the potential to invest in, and partner with, start-ups that provide Aegon with insights into its transition to digitization, to becoming a company that maintains its own contacts with end-clients. Our intentions are more than simply financial: we also hope to become a client of select, small companies in which we invest in the fields of data analysis, digital financial advisory services, cybercrime security and more.

In 2016, the fund had 15 investments in its portfolio. This included peer-to-peer alternative lender auxmoney, cloud access security and encryption company Ciphercloud, digital wealth advisor Next Capital and the Digital Currency Group, a holding and consulting company for crypto currency and blockchain solutions.

Maria Lúcia Cavalcante Dejavite is president of the Associação Paulista dos Economiários (APEA), which promotes the rights of 10,000 retired banking employees in Brazil.

"We aim to improve the quality of life for older people, but we cannot do that by talking about 'impressions' or 'hunches'," she says. "We need reliable research and indicators to understand the demographic shift and to effect change. The Instituto de Longevidade Mongeral Aegon provides us with solid data on why it's important for us to keep our older citizens active, healthy and engaged, so that they can contribute to the economic development and social well-being of the country."

Well-informed choices

Making a lasting impression



Create and share value in our local communities

We have a long-term commitment to the communities in which we operate. We seek to contribute to sustainable economic growth and to support organizations aligned with our efforts to help people achieve a lifetime of financial security.

€8.8 mln

We made total donations to charities and other good causes of over €8 million in 2016.

€1.03 mln

The value of voluntary work undertaken by our employees in 2016 was more than €1 million.

95%

of our businesses offer 'inclusive insurance products'.

Our annual Aegon Retirement Readiness Survey has been measuring attitudes and aspirations for retirement since 2012 with the Aegon Retirement Readiness Index (ARRI). The Aegon Retirement Readiness Index (ARRI) measures retirement preparedness on a scale from 1 to 10 based on responses to six questions: three broadly attitudinal and three behavioral. Scores of 8 and higher are considered to be high retirement readiness, scores of 6 to 7.9 as medium, and less than 6 as low. Index scores are calculated based on responses from 16,000 people in 15 countries (1,000 respondents per country and 2,000 in China).¹ Central to the findings of our 2016 report, 'A Retirement Wake-up Call', is the lack of progress in retirement preparedness across the globe. The widespread lack of financial preparedness is of great concern, and reflects a need to improve financial literacy to avoid the risks of not having an adequate retirement plan.

Through our research centers – the Aegon Center for Longevity and Retirement, the Transamerica Center for Retirement Studies, the Transamerica Center for Health Studies, and the recently launched *Instituto de Longevidade Mongeral Aegon* in Brazil – we provide the latest information on longevity and retirement.

We work with academic institutes to improve understanding of the link between changing demographics and financial security. We instigate public debate and encourage governments and others to implement policies to help people save for the future. We presented our research during the Organisation

for Economic Co-operation and Development (OECD) Forum in Paris in June 2016, and were invited by the US Senate Special Committee on Aging to share written testimony on innovations to promote retirement security.

Investing in financial security

As well as investing in research, we carry out community investment activities and impact investments.

At Aegon Asset Management, we offer products that have the best possible long-term returns. This includes investing for maximum positive societal impact. In 2015, we carried out an assessment of microfinance, and found that some microfinance options make sense for us from both a risk-return and social perspective. In 2016, we invested €43 million in two microfinance funds, responsAbility and Triodos Microfinance Fund and followed up with a further €32 million investment in 2017.

Community investment

Sometimes we give money to our communities because we feel strongly about a cause. In 2016 alone, we gave €8.8 million to charitable organizations mainly targeting health, welfare and literacy.

Our social partnerships often reflect the connection between health and the prospects for long-term financial security. For example, we partner with the American Heart Association to promote healthy eating and heart-healthy lifestyles.

When you get right down to it, Aegon is made up of a lot of people who want to help others. Our colleagues repeatedly prove they care by giving their time and energy for others.

In 2016, our employees used 23,353 paid-time hours to volunteer, including a combined effort for Volunteer Friday. Hundreds of employees from Aegon businesses in the Netherlands signed up to work with charities throughout the country for a day. In the US, for the fifth consecutive year, Transamerica employees volunteered for a full day or more to repair or build homes for Habitat for Humanity. More than 300 colleagues participated in seven cities across the country.

¹ The regional indices comprise the following countries: Americas: US, Canada, and Brazil; Europe: Netherlands, UK, Spain, Hungary, Poland, Turkey, Germany, and France; Asia: China, Japan, India, and Australia. Between 2014 and 2015, Sweden was removed from the index and replaced by Australia.

Deep change, dynamic progress

Rob Routs, Chairman of the Supervisory Board

Rob Routs
Supervisory Board Chairman

The Chairman of Aegon's Supervisory Board, gives his views on our performance in 2016.

Looking back on a year of low interest rates, as well as political and social uncertainty, what are your prevailing thoughts from 2016?

It was certainly a busy year. Like most financial services companies, we were hit by financial volatility, and as you say, interest rates remained extremely low. In 2016, no matter who you spoke to in our sector, everyone was talking about 'lower for longer' interest rates, and they are, despite fluctuations, still at historically low levels.

“We need our core business to be second to none in terms of operational excellence.”

Aegon's management team took decisive actions to stay on track to deliver on its 2018 targets. Our US business, Transamerica, made a number of very significant changes, including reducing its footprint, to increase profitability and to connect with customers in the way that they want. In the Netherlands, Aegon is increasingly connecting with customers digitally, and has strengthened its pension solutions leadership. The UK business has been transformed from traditional life insurance into the number one provider in the retail platform market. This fee business is growing fast, in line with our objective to have a substantial part of our revenues coming from fee-based rather than spread business. So, the elements of our strategy are kicking in.

Beyond Aegon, I look back on 2016 as a year of division. If you look at Brexit, and the US elections, there was certainly fragmentation in the world. But in an uncertain world, Aegon can provide the certainty that there will be funds when you retire, that you will be able to pay for care when you are older. For that reason, I look on 2016 as a year in which we continued to show our value to society.

What progress is Aegon making in helping people understand how they can better prepare for their financial future?

It's not always easy, but is right at the heart of what we do. I've seen too many cases in my life where people ended up in deep trouble, with no medical insurance or no house insurance, and lost everything. Painful situations. And that's the tragedy. All too often the importance of financial responsibility only hits home at the worst of times. We have a huge educational task. Through the annual Retirement Readiness Survey we produce reports which educate the public and open up dialogue on longevity and retirement security. We work with the Leyden Academy on Vitality and Ageing, for example, and we expanded our thought-leadership by sponsoring a retirement research center in Brazil in 2016.

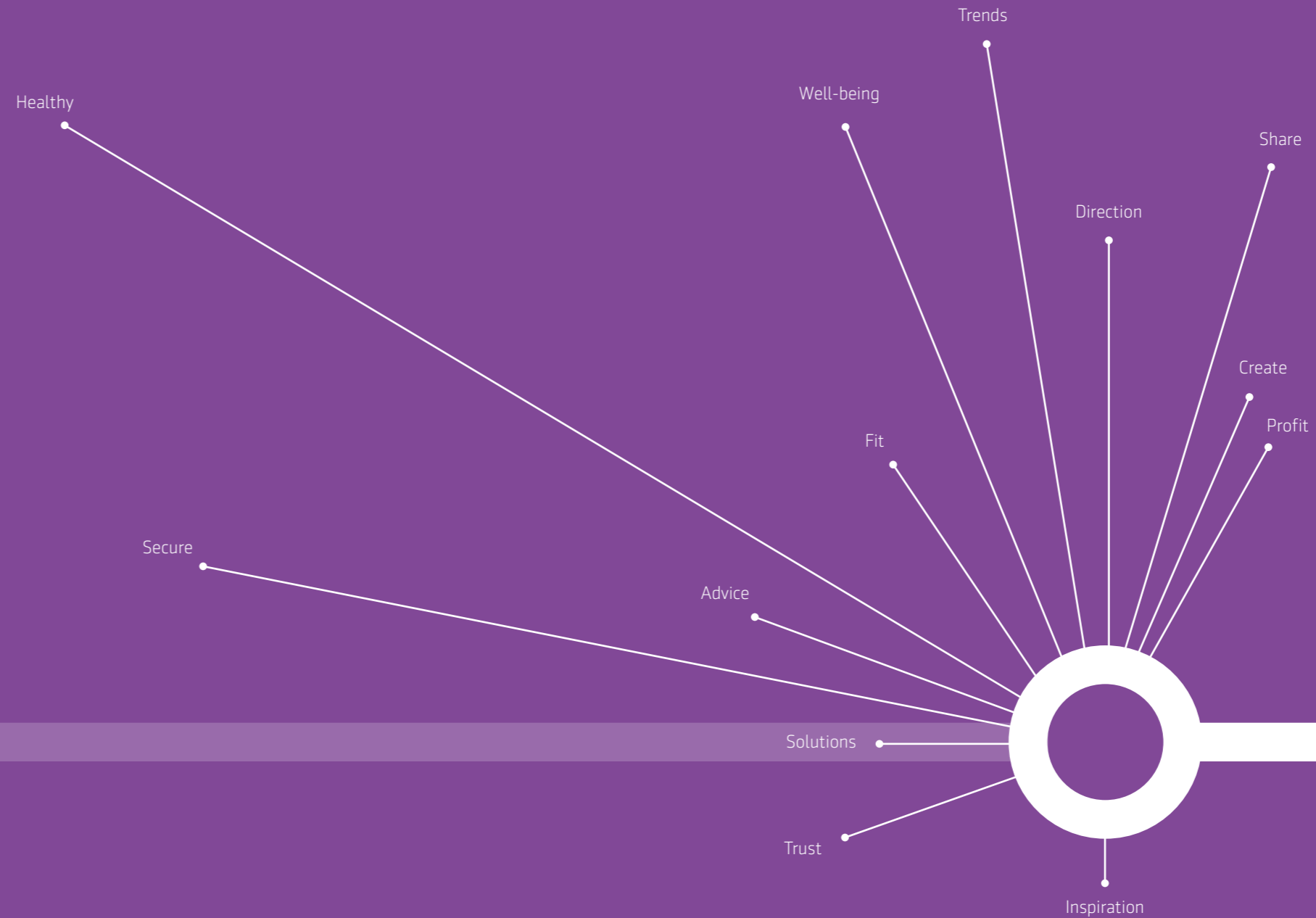
There are a number of new faces on the Management Board. What skills and insights have they brought to your discussions?

This year, we had a number of really good debates in the Nomination and Governance Committee and the Supervisory Board about the membership and structure of the Management Board. This led to the decision to expand the Management Board and bring in four new members with expertise in technology, legal, asset management and talent acquisition. The result is that we've got a really strong blend of skills and experience. The new members have different perspectives on the world, and that creates a dynamic that will really help our company.

Looking ahead to 2017, what will the Supervisory Board be focussing on?

We need our core business to be second to none in terms of operational excellence. We have a robust structure, a strong strategy, and good leadership across the business. We're in good shape for the road ahead. The key for us as a Supervisory Board is to ensure the Management Board successfully implements Aegon's strategy, that we set ambitious goals, and that we challenge the Executive Board to keep on delivering to all stakeholders.

We aim to be relevant at every stage of our customers' lives, and we adapt and respond to their changing needs over time. The products and services needed by Millennials may be different to those required by Generation X, Baby Boomers or other generations and life stages. But what doesn't change is the universal need to achieve a lifetime of financial security.



Helping people achieve a lifetime of financial security

For a lifetime

What really matters

In the UK, young people are almost three times more likely to be unemployed compared to the rest of the population.

The world may be your oyster – but you still want the security of some home comforts. You're ambitious, but you aspire to live life on your own terms.

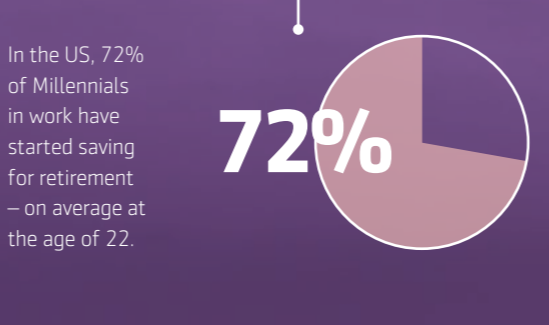


Going places

95% of 24-year-olds in the OECD area use the internet, while 80% of Millennials find mobile apps offered by their retirement plan 'helpful'. At Aegon, we're catering to this trend. 96% of Aegon businesses provide customer support via social media, and 96% of Aegon businesses offering products and services online.

Aegon's annual Retirement Readiness Survey shows that younger workers are less realistic compared to older workers about working longer, and expect to retire before the age of 65.

On the right track



You can't put a price tag on love – can you? According to the Dutch National Institute for Budget information (Nibud) a child will cost an average of 17% of your disposable income, and two children will cost you 26%.

Raising a family

On average, the cost of a college education in the Netherlands ranges, for students living outside of the parental home, is close to €1,000 per month. The average student needs 74 months to complete their studies (including a Master's degree), which makes the average cost of a college education €70,000.

The average price for raising a child to its 12th birthday in the Netherlands (including costs such as clothing, food and toys, as well as use of gas water and electricity) is €50,000.

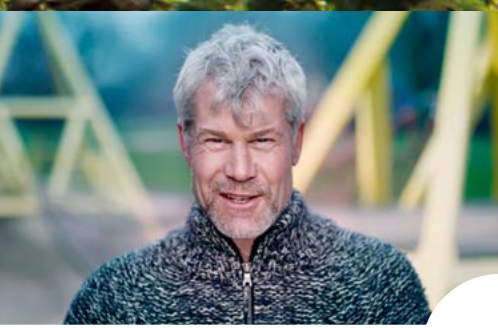
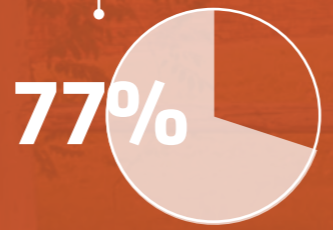
- The life expectancy of Generation X (35-54 years old) in the Netherlands has increased by 3.3 years* in comparison with the same generation 20 years ago.
 - While Generation X make more money than their parents at the same age, they are less wealthy because they are saving less and consuming more than their parents – for example by spending more on their own education.
- * Based on CBS period life expectancy.

Thinking ahead

- The average children's party in the Netherlands is planned at least one month in advance, includes at least seven school friends, and costs €110 on average, though this budget increased to an average €161 for six-year-olds.
- In the US, raising a child born in 2013 to the age of 18 costs \$245,340.

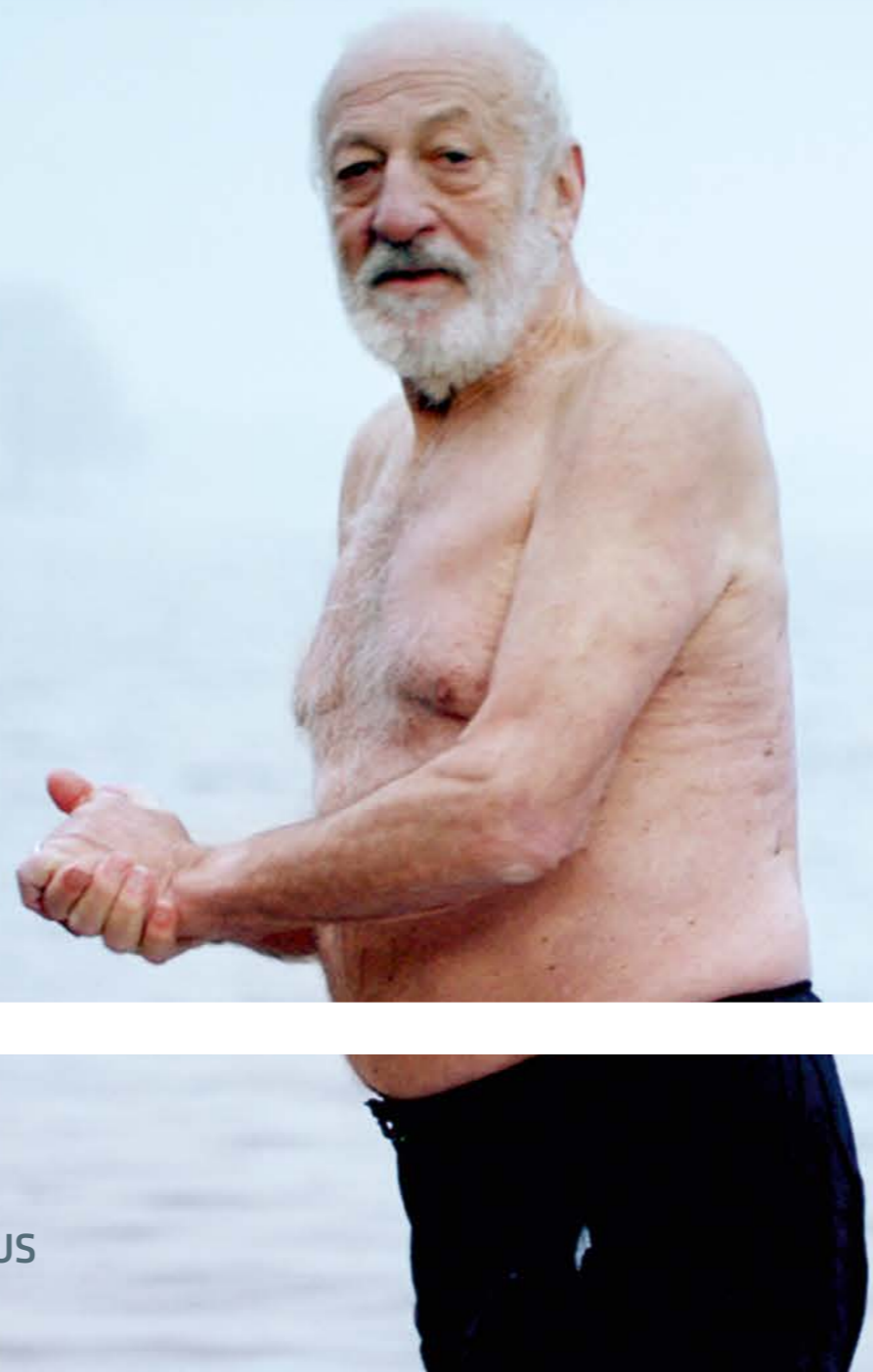
Branching out

77% of Generation X workers in the US are saving for retirement. Among those participating in a 401(k) or similar plan, the median contribution is 7% of their annual pay.



Age is no obstacle if you're fit and healthy. Generational boundaries are breaking down. Twenty-year-olds are choosing to go gray; 70-year-olds are going to gigs – or playing at them. An active pensioner might just as easily spend the afternoon kite surfing as playing golf. So let the grandkids try to catch up. With a bit of forethought and planning, there's never been a better time to be older.

Mongeral Aegon is backing the 'RETA' (Special Retirement Work Regime) bill in Brazil to enable people over 60 to re-enter the workforce, carve a place for themselves in society, and avoid becoming isolated.



Loving life

Time to enjoy

You're spending time with your friends, embarking on a new adventure, or maybe you're back in the classroom. Who knew you'd still have this much energy? An encore career? Travel? Why not?

Around 10,000 people retire every day in the US

When it comes to working past the age of 65, 66% of Baby Boomers either plan to, already do, or have no plans to retire at all.



In our facts & figures, we present the numbers which provide clear overview of how we are performing as a company, such as our equity and liabilities, earnings per share, total income, and policyholder claims. We also share other important figures such as the number of people we employ, the amount of charitable donations we make and our responsible investments, along with the biographies of the members of our Executive Board, Management Board and Supervisory Board, and the commitments, principles and guidelines we hold ourselves to.

- 74 Reporting principles and processes
- 75 Reporting scope by country/business unit and KPI
- 76 Our Management Board
- 78 Our Supervisory Board
- 79 Consolidated income statement
- 80 Consolidated statement of financial position
- 81 Our leading non-financial indicators
- 82 Social, economic and environmental data
- 87 Policies, statements & guidelines
- 88 Sustainable Development Goals
- 90 Principles for Sustainable Insurance
- 91 Sustainable ratings
- 92 Our international commitments
- 93 Management and governance
- 94 Independent assurance report
- 96 Index
- 97 Forward-looking statements
- 98 How to contact us

How we performed as a company

Facts & figures

Reporting principles and process

Our aim in producing this report is to provide a balanced, concise and comprehensive view of the company's operations and performance.

Our 2016 Review is prepared in accordance with the latest GRI standards published by the Global Reporting Initiative, known as the GRI standards, as well as guidelines from the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) in the US.

In line with the GRI's reporting principles, this Review provides a concise, accurate and balanced account of Aegon's business over the past year. This report is intended as an overview. More in-depth information, particularly on Aegon's financial performance, may be found in the company's Annual Report and Form 20-F, available at aegon.com/reports.

We've been using GRI reporting guidelines since we published our first corporate responsibility report in 2003. Details of our compliance with the GRI standards and our GRI Content Index can be found in a separate Reporting Supplement, available online at aegon.com/reports.

This Supplement provides details of our reporting against the following: principles for defining report content, principles for defining report quality, general standard disclosures and specific standard disclosures, and the principles of the IIRC's model.

This Review is based on extensive reporting from Aegon's country and operating units around the world. All information is formally reviewed by the company's Disclosure Committee and is subject to approval by Aegon's Management,

Executive and Supervisory Boards before publication. Contents have also been assured by our external auditors, PwC. For their report, please see pages 94-95.

This Review covers the full year 2016 (January - December), unless stated otherwise. All necessary notes, explanations and definitions are provided in the text or accompanying tables. Our previous Review was published in March 2016, and is available online via aegon.com.

Reporting scope

We use a materiality test to determine the scope of our Review. We include information we think is material – in other words, information that relates to issues we believe have, or will have, a significant long-term impact on our profitability, our operations or our reputation. This test applies to both our own businesses and other areas of our value chain such as our relations with business partners, suppliers, or the companies in which we invest. To help determine this materiality, we look at a number of factors, including potential risks, possible impacts on earnings, brand, reputation, strategy, customer loyalty and recruitment, as well as the company's ability to deliver long-term growth and returns to investors.

All information in this Review covers our three main operating units (the US, the Netherlands and the UK). With regard to other units, only material information has been included. For joint ventures we report proportionally based on Aegon's ownership share, unless reported otherwise. Please see the table on the opposite page for further details.

Our audit process

Each year, our report is subject to assurance by our external auditors. We ask them to check the information we use, and make sure our reporting is in compliance with the Global Reporting Initiative GRI standards and internally applied reporting criteria. This process takes several weeks. We work very closely with our auditors, providing evidence to support statements made in this report. We engage early in the process with our auditors to look at our reporting processes and procedures, and continually improve these in line with best practice.

At the end of the process, the auditors issue an independent assurance report (please see pages 94-95). We focus the Review on the issues we believe are most material for ourselves and our stakeholders. As well as reviewing the text of this report, we asked our auditors at PwC to provide assurance on our most important indicators: our eight 'strategic' indicators, plus a further eight 'material' indicators that emerged from our materiality assessment.

The definition of these indicators can be found on page 81. For more details on the materiality assessment, please see our Review Supplement, available on aegon.com/reports.

Reporting scope by country/business unit and KPI

| | Brazil | China ¹ | Czech Republic | Hungary | India ² | Japan ³ | The Netherlands ⁴ | Poland | Romania | Slovakia | Spain | Turkey | UK | USA | Aegon Asset Management ⁵ | Transamerica Life Bermuda | Variable Annuities Europe | Aegon N.V. (The Hague) | Asia (Hong Kong) | Central & Eastern Europe (Budapest) |
|---|--------------|--------------------|----------------|---------|--------------------|--------------------|------------------------------|--------|---------|----------|-------|--------|----|-----|-------------------------------------|---------------------------|---------------------------|------------------------|------------------|-------------------------------------|
| | Country unit | | | | | | | | | | | | | | Business unit | | | Corporate Center | | |
| Reasonable assurance | | | | | | | | | | | | | | | | | | | | |
| % of underlying earnings from fees | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | - | - | - |
| % sales direct to customer | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | - | - | - | - | - | - |
| % of Aegon businesses using Net Promoter Score to measure customer loyalty | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | - | - | - | - | - | - |
| NPS performance by quartile | - | - | - | ● | - | - | ● | - | - | - | - | - | ● | ● | - | - | - | - | - | - |
| Ratios of costs : assets | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Ratios of costs : earnings | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Employee engagement (Hay Index) ⁶ | - | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Employee enablement (Hay Index) ⁶ | - | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Limited Assurance | | | | | | | | | | | | | | | | | | | | |
| Total payments of dividends and coupons to investors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | ● | - | - |
| Total customers claims, benefits and plan withdrawals | - | - | - | - | - | - | ● | - | - | - | - | - | ● | ● | - | - | - | - | - | - |
| % of investments for which the exclusion policy applies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | ● | - | - | - | - | - |
| Total impact investments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | ● | - | - | - | - | - |
| % of those involved in investment decision-making who have received RI training | - | - | - | - | - | - | - | - | - | - | - | - | - | - | ● | - | - | - | - | - |
| Number of engagements related to social and/or environmental | - | - | - | - | - | - | - | - | - | - | - | - | - | - | ● | - | - | - | - | - |
| Number of employees by region, gender and age ⁷ | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| % of employees who have completed training on the company's code of conduct | - | - | ● | ● | - | - | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |

¹ Joint venture (50%) with THTF (Tsinghua Tongfang).

² Joint venture (49%) with Bennett, Coleman and Co. Ltd (BCCL).

³ Joint venture (50%) with Sony Life.

⁴ Includes TKP, Knab, Nedasco and Unirobe Meeüs Group.

⁵ Includes Kames Capital in the UK, and other Aegon Asset Management businesses in the US, the Netherlands, Asia and Central & Eastern Europe.

⁶ For joint ventures, all employees are in the scope of this indicator.

⁷ Regional, gender, and age breakdowns are based on headcount and include employees and agents unless stated otherwise. For joint ventures, the number of employees reported is proportional with Aegon's ownership share. Numbers are reported at country / business unit level and consolidated at Group level. For gender and age we report the share of workforce in these categories. For some reporting units, gender and age information is not available. For these employees, Aegon assumes gender and age split is the same as for the total workforce. In units with employees who do not identify with a gender, we apply the gender split of that unit's workforce to the number of employees within this category.

In addition to those listed above, Aegon also has businesses, joint ventures, representative or marketing operations in the following countries and territories: Australia, Bermuda, France, Germany, Hong Kong, Indonesia, Singapore and Thailand. For the purposes of social, business-related and environmental reporting this year, our operations in these countries – plus our joint venture in Mexico – were considered out of scope. For the most part, the businesses concerned are too small to be considered sufficiently material. We have included some qualitative information from these operations for the purposes of illustration.

Our Management Board

Executive Board



Alex Wynaendts
(Born 1960, Dutch)

CEO and Chairman of the Executive Board and Management Board, Aegon N.V.

Career

Alex joined Aegon in 1997 and was appointed as a member of Aegon's Executive Board in 2003. In April 2007, he was named Aegon's Chief Operating Officer, becoming CEO and Chairman of the Executive Board and Management Board a year later. Alex has been an Independent Director of the Board of Air France-KLM S.A. since May 2016.



Darryl Button
(Born 1969, Canadian)

CFO, Aegon N.V.*

Career

Darryl joined Aegon as Director of Product Development & Risk Management in the US Risk Management business. Appointed CFO for the Americas operations in 2005, he was named Group CFO in 2013. Darryl's resignation from Aegon was effective December 2016.

Management Board



Allegra van Hövell-Patrizi
(Born 1974, Italian)

Chief Risk Officer, Aegon N.V.

Career

Allegra joined Aegon from Prudential plc, London. Allegra began her career in 1996 and joined Aegon at the end of 2015. She was appointed Chief Risk Officer of Aegon N.V. and a member of Aegon's Management Board in January 2016.



Mark Bloom
(Born 1964, American)

Global Chief Technology Officer, Aegon N.V.

Career

Mark has over 30 years' experience in information technology. He joined Aegon from Citi, where he served as Global Head of Consumer Digital and Operations Technology. Prior to joining Aegon he held a number of technology leadership positions in financial services and the aerospace industry. He was appointed as a member of Aegon's Management Board in August 2016.



Carla Mahieu
(Born 1959, Dutch)

Global Head Human Resources, Aegon N.V.

Career

Carla joined Aegon to set up the global HR function in 2010. She began her career with Royal Dutch Shell and Philips Electronics. She held various management positions within Human Resources, Communications and Corporate Strategy before joining Aegon in 2010 as Global Head Human Resources. She has been a member of Aegon's Management Board since August 2016. Carla has been a member of the non-executive Board of the Royal BAM Group since 2011.



Onno van Klinken
(Born 1969, Dutch)

General Counsel, Aegon N.V.

Career

Onno has over 20 years of experience providing legal advice to a range of companies and leading Executive Board offices. He previously worked for Aegon between 2002 and 2006 and rejoined Aegon in 2014 as General Counsel responsible for Group Legal, Regulatory Compliance, the Executive Board Office and Supervisor Relations. He has been a member of Aegon's Management Board since August 2016.

* The Supervisory Board intends to nominate Matthew J. Rider (1963, US citizen) for appointment as CFO and member of the Executive Board at its Annual General Meeting of Shareholders on May 19, 2017.



Adrian Grace
(Born 1963, British)

CEO Aegon UK

Career

Adrian held various roles within GE Capital, Sage Group Inc. and joined Barclays Bank in 2004 as Chief Executive of the Insurance Business. In 2007, he joined HBOS after which he joined Aegon as CEO of the UK in 2011. He became a member of the Management Board of Aegon in 2012 and is a non-executive Director at Clydesdale Bank, and a member of the Financial Conduct Authority practitioners panel.



Gábor Kepecs*
(Born 1954, Hungarian)

CEO Aegon Central & Eastern Europe

Career

Gábor Kepecs was the CEO of Aegon Hungary from 1992 until 2009 when he became the CEO of Aegon Central & Eastern Europe. Gábor has been a member of Aegon's Management Board since 2008.



Marco Keim**
(Born 1962, Dutch)

CEO Aegon the Netherlands

Career

After beginning his career with Coopers & Lybrand/Van Dien, Fokker Aircraft and NS Reizigers, Marco was appointed CEO of Aegon the Netherlands, and a member of Aegon's Management Board in June 2008. He is a member of the Supervisory Board of Eneco Holding N.V. In addition, he holds board positions at VNO-NCW and at the Verbond van Verzekeraars.



Mark Mullin
(Born 1963, American)

CEO Aegon Americas

Career

Mark has spent more than 20 years with Aegon in various management positions in both the United States and Europe. He was named President of Aegon Americas in 2009, and became President and CEO of Aegon Americas and a member of Aegon's Management Board in 2010. Mark was elected as the American Council of Life Insurers (ACLI) chair-elect in 2016.



Sarah Russell
(Born 1962, Australian)

CEO Aegon Asset Management

Career

Sarah has 25 years' experience in international finance and asset management. She joined Aegon Asset Management as CEO in 2010, and has been a member of Aegon's Management Board since August 2016. She has been a Non-Executive Director of Nordea Bank AB since 2010 and holds a Supervisory Board member position at the Nederlandse Investeringsinstelling. She is Vice Chairman of the Supervisory Board of La Banque Postale Asset Management.

* Gabor will begin retirement in 2017.

** We announced in December that, as of January 1, 2017, Marco Keim would become responsible for Aegon's activities in continental Europe. This brings Aegon the Netherlands, Central & Eastern Europe, Spain and Portugal under one Aegon management leadership.

Our Supervisory Board



Rob Routs

(Born 1946, Dutch)

Chairman, Supervisory Board

Committees: Nomination & Governance (Chairman),
Remuneration (member)

Formerly: Executive Director of Downstream, Royal Dutch Shell

Appointed to the Board: 2008

Current mandate expires: 2020

Other board memberships: Royal DSM NV (Chairman), ATCO Ltd.,
A.P. Møller-Maersk A/S, AECOM Technology Corporation



Shemaya Levy

(Born 1947, French)

Vice Chairman, Supervisory Board

Committees: Risk (Chairman), Nomination & Governance (member)
Formerly: Executive Vice President and Chief Financial Officer of
Renault Group

Appointed to the Board: 2005

Current mandate expires: 2017 (final)

Other board memberships: TNT Express NV (Vice Chairman),
PKC Group Oyi (not listed)



Ben Noteboom

(Born 1958, Dutch)

Committees: Remuneration (Chairman), Audit (member)

Formerly: CEO Randstad Holding NV

Appointed to the Board: 2015

Current mandate expires: 2019

Other board memberships: Ahold Delhaize NV,
Wolters Kluwer NV, Vopak NV



Irving Bailey

(Born 1941, American)

Formerly: Vice Chairman, Supervisory Board

Committees: Audit (member), Remuneration (member)

Formerly: CEO & Chairman of Providian Corp., Managing Director of
Chrysalis Ventures, Chairman Board of Directors of Aegon USA

Appointed to the Board: 2004

Final mandate expired: 2016

Other board memberships: Chrysalis Ventures Inc (advisor, not listed)



Ben van der Veer

(Born 1951, Dutch)

Committees: Audit (Chairman),
Nomination & Governance (member)

Formerly: Chairman, Management Board KPMG NV

Appointed to the Board: 2008

Current mandate expires: 2020

Other board memberships: TomTom NV, RELX NV, RELX PLC and
RELX Group PLC, Royal FrieslandCampina NV (not listed)



Robert Dineen

(Born 1949, American)

Committees: Audit (member), Risk (member)

Formerly: Vice Chairman Lincoln Financial Network,
Senior Vice President and head of Merrill Lynch's Managed
Asset Group

Appointed to the Board: 2014

Current mandate expires: 2018

Other board memberships: Aretec Group, Inc, Chairman (not listed)



Dirk Verbeek

(Born 1950, Dutch)

Committees: Audit (member), Risk (member),
Nomination & Governance (member)

Formerly: Executive Board member and Vice-President Emeritus
AON Group

Appointed to the Board: 2008

Current mandate expires: 2020

Other board memberships: Aon Groep Nederland BV (not listed),
CVC Europe (not listed), OVG Real Estate (not listed)



Dona Young

(Born 1954, American)

Committees: Audit (member), Risk (member)

Formerly: Chairman, President & CEO of The Phoenix Companies

Appointed to the Board: 2013

Current mandate expires: 2017

Other board memberships: Foot Locker, Inc. (Lead Director),
Board of Trustees of Save the Children US and International
(not listed)

Consolidated income statement

For the year ended December 31

| Amounts in EUR million (except per share data) | 2016 | 2015 ¹ | 2014 ¹ |
|---|---------------|-------------------|-------------------|
| Premium income | 23,453 | 22,925 | 19,864 |
| Investment income | 7,788 | 8,525 | 8,148 |
| Fee and commission income | 2,408 | 2,438 | 2,137 |
| Other revenues | 7 | 14 | 7 |
| Total revenues | 33,655 | 33,902 | 30,157 |
| Income from reinsurance ceded | 3,687 | 3,321 | 2,906 |
| Results from financial transactions | 15,949 | 401 | 13,772 |
| Other income | 66 | 83 | 61 |
| Total income | 53,357 | 37,707 | 46,896 |
| Premiums paid to reinsurers | 3,176 | 2,979 | 3,011 |
| Policyholder claims and benefits | 41,974 | 26,443 | 36,214 |
| Profit sharing and rebates | 49 | 31 | 17 |
| Commissions and expenses | 6,351 | 6,598 | 5,629 |
| Impairment charges / (reversals) | 95 | 1,251 | 87 |
| Interest charges and related fees | 347 | 412 | 371 |
| Other charges | 700 | 774 | 172 |
| Total charges | 52,693 | 38,489 | 45,502 |
| Income before share in profit / (loss) of joint ventures, associates and tax | 665 | (781) | 1,395 |
| Share in profit / (loss) of joint ventures | 137 | 142 | 56 |
| Share in profit / (loss) of associates | 3 | 5 | 24 |
| Income / (loss) before tax | 805 | (634) | 1,475 |
| Income tax (expense) / benefit | (219) | 111 | (280) |
| Net income / (loss) | 586 | (523) | 1,195 |
| Net income / (loss) attributable to: | | | |
| Owners of Aegon N.V. | 586 | (524) | 1,194 |
| Non-controlling interests | - | 1 | 1 |
| Earnings per share (EUR per share) | | | |
| Basic earnings per common share | 0.22 | (0.31) | 0.49 |
| Basic earnings per common share B | 0.01 | (0.01) | 0.01 |
| Diluted earnings per common share | 0.22 | (0.31) | 0.49 |
| Diluted earnings per common share B | 0.01 | (0.01) | 0.01 |

¹ Amounts have been restated to reflect the voluntary changes in accounting policies for deferred cost of reinsurance that was adopted by Aegon effective January 1, 2016. Furthermore a voluntary change in insurance accounting for business in United Kingdom was adopted by Aegon effective January 1, 2016 as well.

Consolidated statement of financial position

As at December 31

| Amounts in EUR million | 2016 | 2015 ¹ | January 1, 2015 ¹ |
|---|----------------|-------------------|------------------------------|
| Assets | | | |
| Cash and cash equivalents | 11,347 | 9,594 | 10,610 |
| Assets held for sale | 8,705 | - | 9,881 |
| Investments | 156,813 | 160,792 | 153,653 |
| Investments for account of policyholders | 203,610 | 200,226 | 191,467 |
| Derivatives | 8,318 | 11,545 | 28,014 |
| Investments in joint ventures | 1,614 | 1,561 | 1,468 |
| Investments in associates | 270 | 242 | 140 |
| Reinsurance assets | 11,208 | 11,257 | 9,593 |
| Defined benefit assets | 51 | 41 | 38 |
| Deferred tax assets | 87 | 25 | 27 |
| Deferred expenses | 11,423 | 10,997 | 10,019 |
| Other assets and receivables | 10,667 | 7,549 | 7,563 |
| Intangible assets | 1,820 | 1,901 | 2,073 |
| Total assets | 425,935 | 415,729 | 424,547 |
| Equity and liabilities | | | |
| Shareholders' equity | 20,913 | 22,684 | 24,183 |
| Other equity instruments | 3,797 | 3,800 | 3,827 |
| Issued capital and reserves attributable to owners of Aegon N.V. | 24,710 | 26,485 | 28,010 |
| Non-controlling interests | 23 | 9 | 9 |
| Group equity | 24,734 | 26,494 | 28,019 |
| Subordinated borrowings | 767 | 759 | 747 |
| Trust pass-through securities | 156 | 157 | 143 |
| Insurance contracts | 119,569 | 123,042 | 111,927 |
| Insurance contracts for account of policyholders | 120,929 | 112,679 | 102,250 |
| Investment contracts | 19,572 | 17,718 | 15,359 |
| Investment contracts for account of policyholders | 84,774 | 90,119 | 91,849 |
| Derivatives | 8,878 | 10,890 | 26,048 |
| Borrowings | 13,153 | 12,445 | 14,158 |
| Provisions | 173 | 175 | 322 |
| Defined benefit liabilities | 4,817 | 4,471 | 4,404 |
| Deferred gains | 64 | 112 | 82 |
| Deferred tax liabilities | 2,318 | 2,323 | 3,004 |
| Liabilities held for sale | 8,816 | - | 7,810 |
| Other liabilities | 16,978 | 14,074 | 18,152 |
| Accruals | 237 | 272 | 272 |
| Total liabilities | 401,201 | 389,236 | 396,528 |
| Total equity and liabilities | 425,935 | 415,729 | 424,547 |

¹ Amounts have been restated to reflect the voluntary changes in accounting policies for deferred cost of reinsurance that was adopted by Aegon effective January 1, 2016. Furthermore a voluntary change in insurance accounting for business in United Kingdom was adopted by Aegon effective January 1, 2016 as well.

Our leading non-financial indicators

| | Definitions | 2016 | 2015 | Change | |
|--|--|---------------|----------------------------|--------|---|
| Reasonable Assurance | | | | | |
| % of underlying earnings from fees | Earnings from fees divided by underlying earnings before tax minus earnings from new business | 42% | 43% ¹ | -2.4% | ● |
| % sales direct to customer | Direct-to-customer sales include those made via affinity marketing, tied agents or online. | 15.6% | 14.8% ² | 8.1% | ● |
| % of Aegon businesses using the Net Promoter Score to measure customer loyalty | Weighted by IFRS capital allocated | 97% | 98% | -1.0% | ● |
| NPS performance by quartile | | | | | ● |
| • 1st quartile | | 10% | 2% | NA | |
| • 2nd quartile | | 25% | 10% | NA | |
| • 3rd quartile ³ | | 23% | 41% | NA | |
| • 4th quartile ³ | | 42% | 47% | NA | |
| Ratios of costs : assets | Based on adjusted operating expenses divided by total average revenue-generating investments. | 0.47% | 0.54% | -12.4% | ● |
| Ratios of costs : earnings | Based on adjusted operating expenses divided by underlying earnings before tax + adjusted operating expenses. | 64.2% | 64.7% ¹ | -0.7% | ● |
| Employee engagement (Hay Index) | Based on annual survey of Aegon employees. Engagement measures the degree of employee motivation and commitment to the company. | 63 | 71 | -11.3% | ● |
| Employee enablement (Hay Index) | Based on annual survey of Aegon employees. Enablement measures the extent to which employees feel able to carry out their work effectively. | 64 | 75 | -14.7% | ● |
| Limited Assurance | | | | | |
| Total payments of dividends and coupons to investors | Covers payments made during the calendar year. | €774 million | €824 million | -6.1% | ▲ |
| Total customers claims, benefits and plan withdrawals ⁴ | | €59.0 billion | €45.9 billion ¹ | 28.5% | ▲ |
| % of investments for which the exclusion list applies | The exclusion list applied is part of our Responsible Investment Policy. More information on this can be found on pages 36-37. ⁵ | 25% | 27% | -7.4% | ▲ |
| Total impact investments | Impact investments are direct or indirect investments in businesses, organizations and projects, that meet existing risk and return requirements and are also intended to create a measurable social or environmental impact. ⁶ | €7.2 billion | €7.6 billion | -5.4% | ▲ |
| % of those involved in investment decision-making who have completed RI training | Percentage of employees who are involved in investment decision-making that have completed training on responsible investment provided by the UN PRI. | 71% | 70% | 1.4% | ▲ |
| # of engagements related to social and/or environmental | Number of unique companies engaged | 111 | 22 | NA | ▲ |
| Number of employees | Includes all employees including agent employees (who are directly employed by Aegon) and Aegon's share of any Joint Venture employees. | 29,380 | 31,530 | -6.8% | ▲ |
| % male employees | | 47% | 48% | -0.8% | ▲ |
| % female employee | | 53% | 52% | 0.8% | ▲ |
| % of employees who have completed our Code of Conduct training | | 94% | 89% | 5.7% | ▲ |

● ▲ For further information on these symbols, please see pages 94-95.

¹ Amounts have been restated to reflect the voluntary changes in accounting policies for deferred cost of reinsurance that was adopted by Aegon effective January 1, 2016. Furthermore, a voluntary change in insurance accounting for business in the United Kingdom was adopted by Aegon effective January 1, 2016.

² Figure is based on forecast sales.

³ Due to a change in measurement the 2015 figures have been updated to include previously excluded information. This has impacted the benchmark scores which should have been resp. 41% and 47%.

⁴ Please note that this figure includes a one-off item related to anticipated contract discontinuance in the US defined contribution business acquired from Mercer.

⁵ With the exception of our investments in the Netherlands, the exclusion list applies to our general account assets only.

⁶ These figures also include third-party investments.

Social, economic and environmental data¹

| | 2016 | 2015 | Change | 2014 | GRI Standards reference |
|---|--------|--------|--------|--------|-------------------------|
| Workforce | | | | | |
| Total number of employees | 29,380 | 31,530 | -7% | 28,602 | 102-8 |
| • United States | 11,431 | 12,193 | -6% | 11,764 | |
| • Netherlands | 4,464 | 4,503 | -1% | 4,426 | |
| • United Kingdom | 2,449 | 2,260 | 8% | 2,420 | |
| • Central & Eastern Europe | 2,317 | 2,470 | -6% | 2,495 | |
| • Asia | 2,177 | 1,454 | 50% | 1,119 | |
| • Asset management | 1,474 | 1,382 | 7% | 1,276 | |
| • Others ² | 5,068 | 7,268 | -30% | 5,102 | |
| % working part-time | 9.0% | 8.8% | 3% | 8.7% | |
| % working on fixed term contracts | 8.4% | 9.3% | -9% | 9% | |
| Average years of service | 7.8 | 7.4 | 6% | 8.2 | |
| % women in workforce | 53% | 52% | 0.8% | 52% | |
| % women in senior management ³ | 27% | 27% | 0% | 29% | |
| Employee turnover | | | | | |
| Number of new hires | 4,121 | 5,111 | -19% | 4,614 | 401-1 |
| Total redundancies | 830 | 587 | 41% | 734 | |
| Average # applications/vacancy ⁴ | 48 | 37 | 30% | 43 | |
| Average # days to fill vacancies ⁴ | 41 | 48 | -16% | 58 | |
| Employee turnover rate ⁵ | 26% | 15% | 77% | 14% | 401-1 |
| • Voluntary turnover | 16.7% | 10% | 68% | 9% | |
| • Involuntary turnover | 6.2% | 4% | 52% | 5% | |
| Total net jobs created | 3,291 | 4,523 | -27% | 3,880 | 201-1 |
| Employee welfare | | | | | |
| Absentee rate | 2% | 2.4% | -13% | 2.2% | |
| • United States | 1.5% | 1.6% | -8% | 1.6% | |
| • Netherlands | 3.9% | 4.4% | -10% | 3.2% | |
| • United Kingdom | 2.3% | 3.6% | -36% | 3.7% | |
| • Central & Eastern Europe | 1.9% | 2.2% | -12% | 1.9% | |
| # work-related injuries & illnesses | 204 | 306 | -33% | 227 | |

NA – not applicable.

¹ With the exception of those indicators that also feature on page 81, the indicators on pages 82-86 are not in the scope of our audited figures.

² Other includes employees in Spain, Joint Ventures in India and Brazil, as well as those working at Aegon's Corporate Centers and at our variable annuities business in Ireland.

³ Please note that our 2014 figure was restated to reflect a change in methodology. The previous value stated was 32%.

⁴ Please note this figure covers 83% of Aegon's workforce. Does not include the UK, Ireland, Aegon Insights or TLB.

⁵ Please note this figure does not include Transamerica Life Advisors in the US. Also excludes Brazil, India, Japan, Turkey & Ukraine.

CONTINUED >

| | 2016 | 2015 | Change | 2014 | GRI Standards reference |
|---|-------------|-------------|--------|---------------|-------------------------|
| Employee motivation and engagement¹ | | | | | |
| Employee engagement score (Hay Index) | 63 | 71 | -11% | 73 | |
| Employee enablement score (Hay Index) | 64 | 75 | -15% | 74 | |
| % of employees who are proud of the social impact Aegon has on society ² | 55% | NM | | | |
| Employee representation | | | | | |
| % of workforce that is represented by an employee representative body (e.g. works council, trade union) | 47% | 46% | 2% | 42% | |
| % of workforce covered by collective labor agreement | 47% | 48% | -3% | 41% | 102-41 |
| # formal meetings held with unions, works council or other official representative bodies | 250 | 174 | 44% | 136 | |
| Tackling misconduct, fraud and mis-selling | | | | | |
| Total # incidents of fraud (and alleged fraud) | 196 | 180 | 9% | 317 | |
| • Incidents of fraud (and alleged fraud) involving employees | 4 | 8 | -50% | 13 | 419-1 |
| • Incidents of fraud (and alleged fraud) involving intermediaries | 40 | 112 | -64% | 121 | |
| • Incidents of fraud (and alleged fraud) involving other third parties | 152 | 60 | 153% | 183 | |
| Significant fines to redress cases of mis-selling ³ | None | None | NA | €16.3 million | |
| Talent development | | | | | |
| Total spending on training | €15 million | €14 million | 6% | €13 million | 401-1 |
| Total spending/headcount | €625 | €576 | 9% | €560 | |
| Average # days spent in training/headcount | 3.0 | 2.6 | 12% | 2.7 | |
| % of businesses who provide training to brokers, advisors or other financial intermediaries | 100% | 100% | 0% | NM | |
| % of workforce taking part in standardized performance appraisals: | | | | | |
| • Senior management | 97% | 97% | 0% | 99% | 404-3 |
| • Middle management | 97% | 96% | 1% | 100% | |
| • Other grades | 100% | 98% | 1% | 98% | |

NA – not applicable.

NM – not measured.

¹ Based on Hay index. Engagement measures the degree of employee motivation and commitment to the company. Enablement measures the extent to which employees feel able to carry out their work effectively.

² In previous years, we measured our employees' perception of how socially responsible Aegon is using '% employees who consider Aegon to be a socially responsible company'. Due to changes in measurement from 2016 onwards we will report on % of employees who are proud of Aegon's social impact on society.

³ These include all fines of more than €100,000.

CONTINUED >

| | 2016 | 2015 | Change | 2014 | GRI Standards reference |
|---|---------------|---------------|--------|---------------|-------------------------|
| Salaries & benefits | | | | | |
| Total employment costs ¹ | €2.29 billion | €2.28 billion | 0% | €2.06 billion | 201-1 |
| • Americas ² | €1.13 billion | €1.11 billion | 1% | €923 million | |
| • Europe | €795 million | €823 million | -3% | €842 million | |
| • Asia | €48 million | €47 million | 3% | €47 million | |
| • Aegon Asset Management | €233 million | €226 million | 3% | €194 million | |
| • Holdings and other activities | €85 million | €71 million | 21% | €58 million | |
| % of workforce eligible for variable compensation: | 69% | 68% | 1% | 70% | |
| % of variable compensation to total pay: | | | | | |
| • Senior management | 30% | 32% | -7% | 39% | |
| • Middle management | 18% | 19% | -8% | 25% | |
| • Other grades | 10% | 10% | -3% | 13% | |
| Total salaries | €1.5 billion | €1.5 billion | 1% | €1.3 billion | |
| Median salary (average of all the medians) ³ | €38,485 | €39,175 | -2% | €37,465 | 102-38, 102-39 |
| Ratio of median salary to CEO (fixed) salary ⁴ | 33:1 | 30:1 | 10% | 31:1 | |
| Ratio of median salary to CEO (fixed+variable) salary | 60:1 | 53:1 | 13% | 55:1 | |
| Human capital performance | | | | | |
| Return on investment ⁵ | 1.84 | 1.87 | -2% | 1.94 | |
| Value added ⁶ | €1.36 million | €1.23 million | 11% | €1.2 million | |
| Productivity ⁷ | 6.6% | 7% | -6% | 6.5% | |
| Financial impact ⁸ | €101,000 | €97,000 | 4% | €87,000 | |
| Community investment | | | | | |
| Total donations to charities & other good causes | €8.83 million | €8.58 million | 3% | €6.1 million | |
| • Financial support | €7.79 million | €7.58 million | 3% | €5.4 million | 201-1, 203-1 |
| • Employee volunteering (value) ⁹ | €1.03 million | €997,530 | 4% | €696,000 | 413-1 |
| Total donations as % of net income | 1.5% | 1.4% | 8% | 0.50% | |
| Total # employee volunteering hours granted | 23,353 | 21,364 | 9% | 16,931 | 413-1 |
| Spending on sponsorships (excluding activation costs) | €13.3 million | €13.1 million | 1% | €26 million | 203-1 |
| Retirement Readiness¹⁰ | | | | | |
| Global retirement readiness score | 5.8 | 5.9 | -2% | 5.4 | |
| • Americas - retirement readiness score | 6.4 | 6.4 | 0% | 6.3 | |
| • Europe - retirement readiness score | 5.5 | 5.5 | 0% | 5.5 | |
| • Asia - retirement readiness score | 6.0 | 6.1 | -2% | 6.0 | |

¹ In 2016, our reporting structure changed. Previous years were reported as Americas, the Netherlands, the UK and New Markets.

² Americas includes the US, Canada, Mexico and Brazil.

³ Does not include variable compensation. Figure represents an average of median salaries across Aegon business and country units - excluding Turkey.

⁴ Does not include variable compensation. Figure represents an average of median salaries across Aegon business and country units.

⁵ (Underlying earnings before tax + employee expenses)/employee expenses.

⁶ (Revenues - operating expenses)/headcount.

⁷ Employee expenses as a % of company revenues.

⁸ Employee expenses/headcount.

⁹ Based on average employee expenses.

¹⁰ The Aegon Retirement Readiness Index (ARRI) measures retirement preparedness on a scale from 1 to 10. Scores of 8 and higher are considered to be high retirement readiness and less than 6 as low. Index scores are calculated based on responses from 16,000 people in 15 countries. The regional indices are constructed as follows: Americas (US, Canada, and Brazil), Europe (the Netherlands, UK, Spain, Hungary, Poland, Turkey, Germany, and France) and Asia (China, Japan, India, and Australia).

| | 2016 | 2015 | Change | 2014 | GRI Standards reference |
|---|----------------|--------------------|--------|---------------|-------------------------|
| Customer relationship management | | | | | |
| % Aegon businesses using Net Promoter Score to measure customer loyalty | 97% | 98% | -1% | 99% | |
| NPS performance: % of Aegon businesses by quartile: ¹ | | | | | |
| • 1st quartile | 10% | 2% | NA | 0.6% | 102-44, 102-45 |
| • 2nd quartile | 25% | 10% | NA | 47.2% | |
| • 3rd quartile ² | 23% | 41% | NA | 50.6% | |
| • 4rd quartile ² | 42% | 47% | NA | 1.6% | |
| Total # complaints (written & verbal) ³ | 75,575 | 88,447 | -15% | 75,465 | |
| # complaints relating to issues of data privacy | 275 | 269 | 2% | 519 | 418-1 |
| Total claims, benefits & plan withdrawals ⁴ | €59.0 billion | €45.9 billion | 29% | €34.0 billion | 201-1 |
| Sales | €12.0 billion | €10.4 billion | 5% | €8.2 billion | |
| Gross deposits ⁵ | €100.3 billion | €82.6 billion | 21% | €60.0 billion | |
| Direct-to-customer sales (made through tied agents, affinity marketing or online, as % of total sales) | 15.6% | 14.8% ⁶ | 8% | 21.0% | |
| % of Aegon businesses using social media to provide customer support | 96% | 94% | 3% | 94% | |
| % of Aegon businesses offering products and services online | 96% | 95% | 1% | 92% | |
| Inclusive insurance⁷ | | | | | |
| % of Aegon businesses offering 'inclusive insurance products' | 95% | 93% | 2% | 90% | 203-2, FS7 |
| % of Aegon businesses offering products designed for customers on low incomes | 78% | 72% | 8% | 42% | |
| % of Aegon businesses with active financial literacy program | 61% | 67% | -9% | 68% | |
| Responsible investment | | | | | |
| # companies engaged as part of Aegon's approach to responsible investment ⁸ | 356 | 285 | 25% | 230 | FS10 |
| <i>Of which:</i> | | | | | |
| • Extensive engagement ⁸ | 13% | 17% | -24% | 21% | |
| • Moderate engagement ⁸ | 33% | 38% | -13% | 41% | |
| • Basic engagement | 54% | 45% | 20% | 38% | |
| % engagements focusing on social or environmental topics | 31% | 8% | 304% | 10% | FS10 |
| # of engagements related to social and/or environmental topics | 111 | 22 | 405% | | |
| Total assets held in ethical or socially responsible investment (SRI) funds ⁹ | €2.44 billion | €3.06 billion | -20% | €2.23 billion | 203-2, FS11 |
| SRI funds as % of total revenue-generating investments ⁹ | 0.33% | 0.43% | -24% | 0.40% | |
| Total 'impact investments' | €7.2 billion | €7.6 billion | -5% | €4.61 billion | |
| % of those involved in investment decision-making who have complete RI training | 72% | 70% | 2% | NM | |

NM – not measured.

¹ Figures show NPS performance benchmarked against peers by quartile. Percentage of Aegon businesses weighted by IFRS capital allocated. Figures cover only business in the US, the Netherlands, the UK and Hungary where performance was benchmarked against peers.

² Due to a change in measurement the 2015 figures have been updated to include previously excluded information. This has impacted the benchmark scores which should have been resp. 41% and 47%.

³ UK: "2015 saw an increase in complaints due to pension changes allowing greater freedom to access funds by customers."

⁴ Please note that this figure includes a one-off item related to the acquisition of Mercer US defined contribution business in 2016.

⁵ Based on budgeted sales.

⁶ This figure is based on forecast sales.

⁷ Includes products for customers on low incomes, those belonging to socially vulnerable groups or who have difficulty accessing insurance because of chronic medical conditions, certain lifestyle choices or personal status.

⁸ According to the definition issued by the UN Principles for Responsible Investment (UN PRI).

⁹ Excludes separate green and socially responsible investment funds managed by AIFMC, our asset management joint venture in China.

Impact investments⁹ are defined as those investments that meet minimum financial returns, but also deliver specific social and environmental benefits.

CONTINUED >

| | 2016 | 2015 | Change | 2014 | GRI Standards reference |
|---|----------------|----------------|--------|------------------|-------------------------|
| Investor performance | | | | | |
| Closing Aegon NV share price (Amsterdam) ¹ | €5.23 | €5.13 | 2% | €6.26 | |
| Earnings per share | €0.22 | -€0.31 | - | €0.49 | |
| Total dividend due /share | €0.26 | €0.25 | 4% | €0.23 | |
| Total dividend payments to shareholders ² | €491 million | €503 million | -2% | €465 million | 201-1 |
| Total coupon payments to bondholders | €283 million | €321 million | -12% | €332 million | |
| Share buyback | €400 million | NA | NA | NM | 201-1 |
| Total shareholder return (€) | €1.2 billion | €0.8 billion | 42% | €0.8 billion | |
| Rating agency performance | | | | | |
| Dow Jones Sustainability Index Rating | 82 | 83 | -1% | 82 | |
| Transparency benchmark rating | 186 | 185 | 1% | 170 | |
| Responsible Tax | | | | | |
| Total corporate income tax paid ³ | €116.1 million | €405.4 million | NA | (€147.7 million) | |
| • Americas | €55.4 million | €311.5 million | NA | (€7.2 million) | |
| • Netherlands | €62.5 million | €15.9 million | NA | (€180.8 million) | |
| • UK ⁴ | (€8.1 million) | €71.5 million | NA | €5.4 million | |
| • Others | €6.4 million | €6.6 million | NA | €34.9 million | |
| Environmental performance⁵ | | | | | |
| Gross CO ₂ emissions (metric tons) | 69,213 | 68,283 | 1% | 77,448 | |
| Net CO ₂ emissions (metric tons) ⁶ | 60,193 | 57,679 | 20% | NM | |
| Total emissions/Headcount (metric tons) ⁸ | 3.5 | 3.4 | 2% | 3.9 | |
| Business travel by air (million, km) | 109.3 | 99.5 | 10% | 118.3 | |
| Total consumption of: | | | | | |
| • Electricity (GwH) | 97.4 | 90.3 | 8% | 100.8 | |
| • Gas (million, m ³) | 2.24 | 1.95 | 15% | 2.2 | |
| Supply Chain Management | | | | | |
| Amount spent on goods & services | €1.2 billion | €1.5 billion | -21% | €1.3 billion | |
| % of businesses assessing suppliers for ESG risk ⁷ | 95% | 92% | 4% | 94% | |

¹ Final dividend for 2015 (€0.25/share) is subject to approval by the Annual General Meeting of Shareholders due in May 2017.

² Reflects IFRS accounting of inventory effects of share repurchases related to stock dividends on total cash dividend of €530 million.

³ Negative figures denote amounts received from the tax authorities. Please note there is often no direct correlation between tax on earning for any given year and amounts paid or received in tax. Part of the explanation for this is that certain tax-deductible items are not recognized in the company's profit & loss statement, but directly in equity. Amounts may also include payments from other years.

⁴ in 2015 our UK business made payments in respect of the year 2014. As a result of a carry back of the 2015 loss to the year 2014, part of this payment is received back.

⁵ Please note that figures for environmental performance cover the US, the Netherlands and the UK.

⁶ Net CO₂ emissions is the total CO₂ emissions minus emissions from renewable energy purchased in the UK and the Netherlands. Under the Greenhouse Gas Protocol guidelines for scope 2 emissions, net CO₂ emissions is calculated using the market-based method, while gross CO₂ emissions is calculated based on the location-based method.

⁷ Headcount refers to the sum of the US, UK, the Netherlands and AAM employees only. Please note this number has been restated due to a change in scope which now includes the headcount of the majority of our AAM employees.

⁸ Weighted by revenue.

Policies, statements & guidelines

Our internal policies and procedures help us make decisions, and to make sure those decisions are in the long-term interests of Aegon and our stakeholders. Where possible, we publish our policies and procedures online.

| Area of activity | Our approach | Publicly available? |
|--|---|---------------------|
| Code of Conduct | Our system of compliance establishes core values, underlying principles and rules, regulations and guidelines. Every employee is required to adhere by our Code of Conduct, which ensures non-discrimination in the workplace. These guidelines also cover fraud prevention, fraud detection, anti-money laundering and anti-corruption. Suspected violations of our Code of Conduct may be reported on an anonymous and strictly confidential basis by employees and non-employees to our Global Ethics Line and the S.H.A.R.E. helpline in the US. | ✓ |
| Corporate governance | Our approach to corporate governance is set out in full in our Annual Report and our Corporate Governance Statement. We also have Articles of Association, and charters for our Supervisory, Executive and Management Boards. In addition, we have internal approval requirements setting out which decisions must be approved by the Executive Board and/or the Supervisory Board, when, and under what circumstances. | ✓ |
| Dividends | We have a Dividend Policy to provide guidance on how we allow equity investors to share in Aegon's performance. | ✓ |
| Human rights | We have a Human Rights Policy, linked to the UN Declaration of Human Rights and the International Labor Organization's core standards. This Policy is supported by a regular human rights risk assessment, covering our businesses in the Americas, Europe and Asia. As part of this assessment, we provide detailed information to our business units with regard to the company's obligations under the UN Guiding Principles (UNGP) on Business & Human Rights. This policy is under review to bring us more in line with the UNGP and we expect to make updates to this through the course of 2017. See also page 92. | ✓ |
| Operational risk | We have an Operational Risk Policy, which sets out our approach to all business risks, including social and environmental risks. Our Operational Risk Policy applies to all entities where Aegon is a majority shareholder and has operational control, and operates in conjunction with other financial risk policies and procedures that specify our risk management approach to, amongst others, anti-corruption, anti-bribery and fraud. Review of our operational risk exposure is the responsibility of the Risk Committee consisting of Supervisory Board members. | ■ ¹ |
| Pay & remuneration | We have a Global Remuneration Framework, based on the principle of pay for performance. The Framework sets down principles of governance covering both fixed and variable pay. Alongside the Framework, we also have specific remuneration policies for members of both our Executive and Supervisory Boards. | ■ ¹ |
| Reporting | We publish an Annual Report, a Solvency Financial Condition Report (SFCR), and a Form 20-F, in compliance with regulations in the Netherlands and the US. The Annual Report is our main financial reporting document. In addition, we publish this Review, our integrated report, summarizing the company's economic, social and environmental performance. Our Annual Report and Form 20-F are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. For our Review, we use the G4 reporting standards issued by the Global Reporting Initiative (GRI). We also take into account guidelines from the International Integrated Reporting Council (IIRC) and the US Sustainability Accounting Standards Board (SASB). For more details, please see our Reporting Supplement available online at aegon.com. | ✓ |
| Responsible investment | We have a Responsible Investment Policy, with minimum social, environmental and ethical standards for the companies in which we invest. Alongside the Responsible Investment Policy, we also have an exclusion list (those investments we won't make), and a Global Voting Policy, setting out guidelines for how we behave as a shareholder in other companies. This policy is under review and we expect to make updates to this through the course of 2017. Annually, Aegon Asset Management publishes a Responsible Investment Report. | ✓ |
| Sustainable procurement | We have a Sustainable Procurement Policy. Similar to our Responsible Investment Policy, this sets out social, ethical and environmental standards for our suppliers. | ✓ |
| Aegon Global Tax Policy and Principles of Conduct | We have a Global Tax Policy which details our commitment and the principles with which we adhere to in regards to responsible tax. This tax policy and principles can be found online at aegon.com. | ✓ |
| Workplace | All Aegon employees are bound by our Code of Conduct, which covers areas such as anti-corruption, data privacy and customer behavior in the workplace. Alongside the Code of Conduct, we also have a Statement on Diversity & Non-Discrimination, insider trading rules for employees, rules for charitable donations and a Health & Safety Statement, setting out minimum standards across the organization. In addition, there is a Financial Crime Investigation, Notification & Reporting Procedure, which deals with fraud, bribery and other forms of corruption. Our company Environmental Policy stresses the importance of reducing consumption of energy and other raw materials, such as paper and water. | ✓ |

¹ The remuneration policy for the Executive and Supervisory Boards can be found on aegon.com. For competition reasons, we do not make our Operational Risk Policy public.

Sustainable Development Goals

At the United Nations Sustainable Development Summit in September 2015, world leaders adopted the 2030 Agenda for Sustainable Development, which includes a set of 17 Sustainable Development Goals (known as the SDGs).

We believe we have an important part to play in achieving these goals. As a provider of finance and economic growth, as well as an employer – we have the resources, skills and expertise to contribute in a positive way; and not only that – we also have a responsibility to ensure we minimize any negative contribution we may have.

In 2016, we performed an analysis on all 17 goals, aligning them to our business and operations. We looked at each goal and the links with our material issues, our value chain, our businesses and their geographical locations. We assessed where we can meaningfully contribute to these goals.

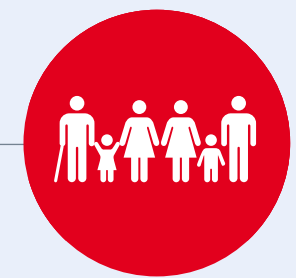
This process resulted in us identifying three goals that we feel we can have a lasting, meaningful contribution. Goals one (No poverty), three (Good health & well-being) and eight (Decent work and economic growth).

You can read more on how we are contributing towards these three goals on the opposite page, about how we contribute to the remaining goals in the supplement to our Review – available at aegon.com. We continue to look at ways in which we can integrate the SDGs into our business.



The UN Sustainable Development Goals are:

- 1 No poverty 2 No hunger 3 Good health & well-being 4 Quality education
- 5 Gender equality 6 Clean water and sanitation 7 Affordable and clean energy
- 8 Decent work and economic growth 9 Industry, innovation and infrastructure
- 10 Reduced inequalities 11 Sustainable cities and communities
- 12 Responsible consumption and production 13 Climate action 14 Life below water
- 15 Life on land 16 Peace, justice and strong institutions 17 Partnership for the goals



Goal one – No poverty End poverty in all its forms everywhere

We believe we have a part to play in reducing poverty. We contribute to the reduction of poverty through our products and services, as well as through our investments and our research in retirement readiness. Life insurance plays an important role in preventing poverty if a primary household income earner dies. In 2016, we had over €3 billion invested in low-income housing, providing just under 6,000 families

and senior citizens on low incomes with access to affordable homes¹ and creating close to 1,800 jobs annually.

In addition, almost 80% of our businesses offered products aimed at those on low incomes, and over 60% of our businesses had active financial literacy programs.

See material issue [Aging and changing demographics](#) Page 28



Goal three – Good health & well-being Ensure healthy lives and promote well-being for all at all ages

Good health and well-being are essential to enjoying a long and healthy life. In fact, this is why we are focusing our responsible business strategy not only on financial security but also on health and well-being. Our contribution begins with our own employees. We want them to be healthy and enjoy life. We provide many benefits to our employees across the globe, from flexible work arrangements to health check-ups and on-site fitness classes.

It's also vitally important that our customers enjoy a long and healthy life, well into retirement.

We offer products aimed at those who live with diseases such as diabetes or have survived illnesses such as cancer – these customers may otherwise not have access to these products.

See material issue [Aging and changing demographics, Attracting talented employees](#) Pages 28, 55



Goal eight – Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We employ over 29,000 employees in over 25 countries around the globe. We have a huge opportunity here not only to provide meaningful, rewarding work, but also to stimulate local economies through the salaries and benefits we provide to our employees and the local taxes we pay. We paid over €2 billion in salaries and benefits to our employees last year and contributed over €300 million to local economies through taxes paid by our employees.

This year, we also invested over €43 million in Triodos Microfinance Fund and responsAbility, providing credit to small, informal businesses in developing economies.

See material issue [Attracting talented employees](#) Page 55

¹ Based on metrics developed using The Local Economic Impact of Typical Housing Developments, National Association of Homebuilders, Washington, D.C., March, 2010.

Principles for Sustainable Insurance

Goals and targets – What will we do to put this principle into practice?

Commitment

Progress 2016

1 We will embed in our decision-making ESG issues relevant to the insurance business

Ensure Responsible Business is an integral part of Aegon's corporate strategy – of which the implementation is the responsibility of Aegon's highest management level.

We redefined our Responsible Business strategy and now have a focus area and direction. The intersection between financial security and well-being. We will continue to define this strategy in 2017, developing goals and objectives and expect to have country specific implementation plans by the end of 2017.

Where possible, incorporate our sustainability policies in our existing risk and compliance frameworks to ensure effective identification, monitoring and management of ESG risks.

We incorporated our global Responsible Investment Policy and our Health & Safety statement into our operational risk management framework. In 2017 we will perform an attestation process on these policies.

Only offer products and services that customers can trust.

We rolled out a mandatory Information Security E-learning training module for all our employees and started further initiatives in order to embed privacy considerations in our business models.

Conduct a climate change risk assessment across our investment portfolio, and develop an appropriate governance process based on the climate risks and opportunities identified.

Aegon Asset Management ran a project to analyse investment risks related to climate change. Key conclusion was that there is significant uncertainty around how climate change will impact financial investments, and that current methodologies to measure the impact have considerable limitations.

Respond to clients quickly, fairly, clearly and transparently at all times.

In the US, we developed a voice and tone guide for Transamerica on simple and clear communications. In the Netherlands we have made similar steps towards uniform fair and transparent communications with a 'communications style', measurement instruments and trained writing or call coaches to help our customer-facing employees.

2 We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions

Monitor key suppliers on ESG issues relevant to their business, most specifically relating to the criteria set out in our Sustainable Procurement Policy, and stimulate responsible business conduct.

We have implemented our Global Sustainable Procurement Policy. In 2016, 95% of our businesses were assessing suppliers on ESG risks. This will continue to be a part of our Responsible Business Strategy going forward.

Encourage clients, business partners and suppliers to disclose on ESG issues using relevant disclosure or reporting frameworks.

We encourage partners and peers to take up integrated reporting practices by our continued involvement with the International Integrated Reporting Council Insurer's network. As co-chair of this network, we share our knowledge and experience on integrated reporting within our industry.

Apply our market conduct principles to the selection process of our intermediaries, and only do business with intermediaries that do share our values.

Group Regulatory Compliance conducted a global review of business units to determine the inherent risk in their distribution channels and processes, identify the controls, and risk rank the residual risks. Business units with higher risk profiles are required to implement additional controls, if necessary. The SIRA process will continue into 2017.

Where possible, extend our approach to Responsible Investment to assets managed for us or our customers by third-party asset managers.

After a gap analysis of our Responsible Investment Policy, we identified the need to ensure that external managers are complying with the Policy. We want to push for stronger compliance on exclusions based on Aegon's exclusion list, ESG integration, and active ownership for external managers of our General Account assets. In the coming years, this a priority in our Responsible Investment Strategy.

3 We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues

Continue with our research efforts and engage with governments, academia and the scientific community to promote retirement readiness and healthy aging.

Our retirement research centers have produced reports, infographics, tools, and videos raising awareness about the need to prepare for retirement. This year we launched the Institute for Longevity in Brazil. Also, presented our research at high profile events including the OECD Forum and testified before the US Senate's Special Committee on Aging.

4 We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles

Proactively and regularly disclose on our progress in managing ESG issues and implementing our PSI commitments via our annual Review and website.

Each year we publish progress against these principles. For next year we expect to have objectives and targets as part of our new Responsible Business strategy, as well as focus areas for the Sustainable Development Goals – which we will report against each year in our annual Review and on our website at aegon.com.

Sustainability ratings

| Rating agency | Performance 2016 |
|---|---|
| CDP | We report our environmental performance every year to CDP. In 2016, our CDP performance scored in band C. |
| Dow Jones Sustainability World Index | We retained our place in the Dow Jones Sustainability World Index for a 16 th successive year, as well as the Dow Jones Sustainability European Index. We were given an absolute score of 82 points, meaning we are in the top 10% of the industry. |
| FTSE4Good | Aegon has been included in the FTSE4Good Global Index since 2001. The FTSE4Good Index Series recognizes the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. Aegon scores 3.8 on a scale of 0-5. This puts us in the top 5% of companies. |
| MSCI | We have maintained our 'AA' rating for the last five years with US-based MSCI, a provider of equity, fixed income and hedge fund stock market indexes. Globally, MSCI rank Aegon 6 th (up from 8 th last year) in the Life and Health Insurance sector, with a responsible investment score of 9.5 out of a maximum possible ten points. |
| Oekom | We have performed consistently well in the Oekom corporate rating. In 2016, we were rated C by the research agency, which assigned us Prime status and confirmed that we are within the top 10% in terms of performance in our industry. |
| Vigeo | The Euronext-Vigeo indices include the highest-ranking listed companies in terms of corporate responsibility. Aegon continues to be a member of the NYSE Euronext-Vigeo Europe 120, Eurozone 120, and Benelux 20 indices. |
| Transparency Benchmark | The Transparency Benchmark, carried out by the Dutch Ministry of Economic Affairs, assesses the degree of companies' disclosure. In 2016, we scored 186 (out of a possible 200) and were ranked in 21 st place among Dutch (multinational) companies – making it onto the Frontrunners group, known as the <i>Koplopers groep</i> in Dutch. |
| Sustainalytics | In 2016, global responsible investment research firm Sustainalytics gave Aegon 74 points out of 100. This was an improvement on our previous scores, and means we are rated as an out-performer. |
| VBDO Tax Transparency Benchmark | The Dutch Association of Investors for Sustainable Development (VBDO) publishes a Tax Transparency Benchmark that focuses specifically on corporate disclosure of tax procedures and practices. In 2016, Aegon was the highest ranking financial services company in the VBDO's Tax Transparency Benchmark, and ranked 5 th among all listed companies in the Netherlands. |
| Corporate Equality Index | In the 2016 Corporate Equality Index (CEI), Transamerica scored 90 out of a possible 100. |

MEMBER OF
**Dow Jones
 Sustainability Indices**
 In Collaboration with RobecoSAM



FTSE4Good

vigeo

oekom research

Our international commitments

As a company with its headquarters in the Netherlands, we adhere to Dutch law and the Dutch Corporate Governance Code. We are supervised at Group level by the Dutch Central Bank (DNB), and the Dutch Authority for the Financial Markets (AFM), and we observe the laws and regulations applicable in our local markets and country units.

We comply with SEC requirements and the US Sarbanes-Oxley Act. We also comply with international corporate governance guidelines, including the Guidelines for Multinational Enterprises set in place by the Organisation for Economic Co-operation and Development (OECD).

As well as our own system of governance, we uphold a number of international commitments such as the UN Principles for Sustainable Insurance (UNPSI), and the UN Principles for Responsible Investment (UNPRI).

Climate change commitments

We are members of the CDP (formerly the Carbon Disclosure Project), and a signatory of the Extractives Industry Transparency Initiative, which strives for more transparent reporting in the global mining and energy sectors. We are a signatory to the Paris Pledge for Action, which was ratified at the 2015 UN Climate Change Conference, or COP21.

Aegon's Responsibility to Respect Human Rights

The UN Guiding Principles, launched in 2011, define the corporate responsibility to respect human rights, or in other words, to not infringe on the rights of others with our business activities. While we are not exposed to the same level of human rights risk as industries such as extractives, retail or textile, we see it as our duty to protect and promote the human rights of those involved in, or affected by, our business.

We have a strong commitment to the UN Universal Declaration of Human Rights and the core standards of the International Labour Organization. This is explicitly incorporated in many of our internal policies, such as our Human Rights Policy, our Code of Conduct, and our Diversity & Non-discrimination Statement.

Most potential risks we face are in our indirect business relationships and investments, which is why human rights are core to our Responsible Investment and Sustainable Procurement Policies.

When companies do not meet the standards outlined in our Responsible Investment Policy, we engage with them. For example, we've been part of the PRI collaborative engagement on Human rights and the Extractives Industry.

Our Sustainable Procurement Policy specifies what human rights we want our suppliers to uphold,

and our updated Outsourcing & Supplier Risk Policy now requires our procurement functions to accommodate the human rights specified in the Sustainable Procurement Policy in our supplier contracts.

In our own operations, we have due diligence mechanisms and have incorporated human rights considerations in our business development activities. There have been instances over the year where we decided to not partner with certain parties because of concerns regarding their integrity.

We carry out an annual risk assessment to assure ourselves that we are not directly or indirectly complicit in human rights violations, and we discuss the results with our local risk and compliance officers and senior management.

This year's Human Rights Risk Assessment covered not only geographic risk, but also the management proficiency within our units to effectively respond to these risks. One of the conclusions was that in potential high-risk areas such as China, India and Brazil, our management proficiency is adequate. We continue to engage with our units on improving our policies, practices and risk assessment tools and will carry out our next Human Rights Risk Assessment in 2018.

Management and governance

At Aegon, we have a multi-tier governance system, consisting of our General Meeting of Shareholders, our Supervisory Board and our Executive Board. Our Supervisory Board is independent and made up largely of former executives from other organizations who are financial and/or corporate experts. They oversee Aegon's Executive Board, which is formed by our CEO and CFO*.

For the day-to-day management of the company, our CEO and CFO are supported by our Management Board. Members are drawn from our operating units and global functions.

In 2016, for the first time, the Management Board was composed of almost 30% female to male ratio (3/11), while in our Supervisory Board, we have a percentage ratio of 25% (2/8).

Our responsible business commitment is embedded in our corporate strategy. Implementation is headed by our Global Head of Strategy & Sustainability, who reports directly to Aegon's CEO. We established a Responsible Investment Strategy Committee, chaired by our CEO of Transamerica and Management Board member, Mark Mullin. In addition, Marco Keim, Management Board member and CEO of Aegon the Netherlands**, oversees Aegon's sustainability development.

In March 2017 the responsibilities of the Nomination & Governance Committee of the Supervisory Board were extended to include oversight over Aegon's sustainability strategy and reporting.

* The Supervisory Board intends to nominate Matthew J. Rider (1963, US citizen) for appointment as CFO and member of the Executive Board at its Annual General Meeting of Shareholders on May 19, 2017.

** We announced in December that, effective January 1, 2017, Marco Keim would become responsible for Aegon's activities in continental Europe. This brings Aegon the Netherlands, Central & Eastern Europe, Spain and Portugal under one Aegon managerial leadership.

The Management Board also formed a new Responsible Business Committee to oversee development and implementation of the company's sustainability strategy.

Shareholders

Shareholders are an important part of our governance. They appoint the members of the Supervisory and Executive Boards and they vote on important matters regarding the company at our General Meeting of Shareholders. They may also propose their own agenda items, under certain restrictions. Our largest shareholder is *Vereniging Aegon*, an association formed under Dutch law.

Vereniging Aegon is the continuation of the former mutual insurer AGO. In 1978, AGO demutualized and *Vereniging AGO* became the only shareholder of AGO Holding N.V., which was the holding company for 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 (reduced gradually to the current 14%) and all of the preferred shares in Aegon N.V., giving it voting majority in Aegon N.V. At that time, *Vereniging AGO* changed its name to *Vereniging Aegon*.

The purpose of the association is to provide a balanced representation of the direct and indirect interests of Aegon N.V. and of companies with which Aegon N.V. forms a group, of insured parties, employees, shareholders and other related parties of these companies. Influences that threaten the continuity,

independence or identity of Aegon N.V., in conflict with these interests will be resisted as much as possible.

At December 31, 2016, *Vereniging Aegon* held 279,236,609 common shares and 567,697,200 common shares B in Aegon. Accordingly, under normal circumstances, the voting power of *Vereniging Aegon* amounts to approximately 14.4%. In certain special circumstances, *Vereniging Aegon's* voting rights will increase, currently to 32.6%, for a limited period.

In addition, according to our Corporate Governance Statement and in accordance with the Articles of Association, resolutions of the Executive Board which entail significant changes to the identity or character of Aegon or its business are also subject to the approval of the General Meeting of Shareholders.

Article 20.1 of the Articles of Association states:

The Executive Board requires the approval of the General Meeting for resolutions entailing a significant change in the identity or character of the Company or its business, in any case concerning:

- (a) the transfer of (nearly) the entire business of the Company to a third-party;
- (b) entering into or terminating a long-term cooperation between the Company or a Subsidiary and another legal entity or company or as a fully liable partner in a limited partnership or general partnership, if such cooperation or termination is of fundamental importance for the Company; and
- (c) acquiring or disposing of a participation in the capital of a company if the value of such participation is at least one third of the sum of the assets of the Company according to its balance sheet and explanatory notes or, if the Company prepares a consolidated balance sheet, its consolidated balance sheet and explanatory notes according to the last adopted annual accounts of the Company, by the Company or a Subsidiary.

Assurance report of the independent auditor

To: the Executive Board of Aegon N.V.

Assurance report on the sustainability information 2016

Our conclusion

Based on our review, nothing has come to our attention that causes us to believe that the sustainability information related to disclosures about material issues and the 'material indicators' (marked with a triangle (▲)) on page 81 of the Aegon 2016 Review of Aegon N.V., do not provide, in all material respects, a reliable and appropriate presentation of:

- the policy and business operations with regard to sustainability; and
- the events and achievements related thereto for the year ending 31 December 2016 in accordance with the Sustainability Reporting Standards of GRI and the internally applied reporting criteria.

Our opinion

Based on our audit procedures, in our opinion, the sustainability information included in the 'strategic indicators' (marked with a circle (●)) on page 81 of the Aegon 2016 Review are, in all material respects, prepared in accordance with internally applied reporting criteria.

What we are assuring

The sustainability information contains a representation of the policy and business operations of Aegon N.V., The Hague (hereafter: "the Company") regarding sustainability and the events and achievements related thereto for 2016.

We have reviewed the sustainability information in the Aegon 2016 Review (hereafter: "the sustainability information") for the year ending 31 December related to the

- disclosures throughout the Aegon 2016 Review about material issues (presented in section "Introduction to our operating environment" on pages 22 and 23); and
- 'material indicators' (marked with a triangle (▲)) on page 81.

We have audited the sustainability information included in the Aegon 2016 Review related to the Company's 'strategic indicators' (marked with a circle (●)) on page 81.

Our scope includes sustainability information about the Company's most material issues, as disclosed in the section "Reporting principles and processes" on page 74. The section "Social, economic and environmental data" on pages 82 to 86, as well as the remainder of the sections after page 86 contains information on indicators that are less material for the Company and its stakeholders. Therefore, these sections are excluded from our assurance scope.

References in the Aegon 2016 Review to external sources or websites are no part of the sustainability information assessed by us. Therefore we do not provide assurance over information outside of the sustainability information in the Aegon 2016 Review.

The basis for our conclusion and opinion

We conducted our assurance engagement in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to corporate social responsibility reports). This engagement is aimed to obtain a combination of limited and reasonable assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the assurance engagement of the sustainability information' of this Assurance-report.

Independence and quality control

We are independent of Aegon N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We apply the 'Nadere voorschriften accountantskantoren ter zake van assurance opdrachten (RA/AA, the Dutch detailed rules for auditing firms on assurance engagements)' and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The Company developed its reporting criteria on the basis of the Sustainability Reporting Standards of GRI, as disclosed in sections "Reporting principles and processes" on page 74 and "Reporting scope" on page 75. The information in the scope of this assurance engagement needs to be read and understood in conjunction with these reporting criteria. The Executive Board is responsible for selecting and applying these reporting criteria. The absence of a significant body of established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Inherent limitations

The sustainability report includes prospective information such as expectations on ambitions, strategy, plans and estimates and risk assessments based on assumptions. Inherently, the actual results are likely to differ from these expectations, due to changes in assumptions. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

Our assurance approach

Materiality

The scope of our work is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the assurance engagement of the sustainability information'. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our assurance procedures on the sustainability information and to evaluate the effect of identified misstatements on our conclusion and opinion.

Based on our professional judgement we determined specific materiality levels for each part of the sustainability information. When evaluating our materiality levels, we have taken into account the relevance of information for both stakeholders and the organization, based on the materiality analysis performed by Aegon N.V.

Scope of the group assurance engagement

Aegon N.V. reports on the sustainability information on a consolidated level. For more details reference is made to sections "Reporting principles and processes" on page 74 and "Reporting scope" on page 75. Our engagement focused on significant components of Aegon N.V. which are described below.

The majority of procedures for this assurance engagement were performed by the group engagement team. Specific procedures related to the financial related performance indicators disclosed on page 81 for the significant components United States, United Kingdom and The Netherlands were performed by local engagement teams.

Where the work was performed by local engagement teams, we determined the level of involvement we needed to have in their work to be able to conclude whether sufficient appropriate evidence had been obtained as a basis for our conclusion on the consolidated sustainability information. The group engagement team visited the reporting units United States, United Kingdom and The Netherlands for the non-financial indicators.

Key matter

Key matters are those matters that, in our professional judgement, were of most significance in our assurance engagement of the sustainability information. We have identified a key review matter during our engagement, which we communicated to the Executive Board and Supervisory Board. This key review matter is not a comprehensive reflection of all matters discussed. We described the key review matter and included a summary of the review procedures we performed on this matter.

This key review matter is addressed in the context of our review of the sustainability information as a whole, and in forming our conclusion thereon. We do not provide a separate conclusion on this matter or on specific elements of the sustainability information. Any comments we make on the results of our procedures should be read in this context.

| Key review matter | How our review addressed the matter |
|---|---|
| <p>Maturity of sustainability reporting processes</p> <p>Sustainability reporting processes within Aegon N.V. are less mature than financial reporting processes and are delegated to components in the countries in which the Company operates. The Company defined its reporting principles and processes (disclosed on page 74), scope (disclosed on page 75) and definitions (disclosed on page 81) of performance indicators on group level. The group reporting criteria for 2016 leave room for interpretation in their use for components.</p> <p>For the indicators “Customer claims, benefit and plan withdrawals”, “Number of employees and percentages male & female”, “% of investments for which the exclusion policy applies” and “Employee engagement and enablement”, differences exist in the local use of definitions and scope. This mainly relates to in- or excluding certain populations or accounts in the reported sustainability information. We identified this as a key review matter, because a lack of well-defined criteria may increase the risk that sustainability information is incomparable between components and thus less meaningful on group level or even misstated.</p> | <p>In addition to the procedures as explained in the section “Procedures performed” we performed additional walkthrough procedures for significant components for the related indicators to obtain a thorough understanding of existing differences between components. Based on detailed records of significant components United States, United Kingdom and The Netherlands, we assessed that the differences in the applied reporting definitions and scope did not impact comparability between components and did not lead to material misstatements.</p> <p>To comply with the comparability principle of the Sustainability Reporting Standards of GRI, any difference in local use of scope and definitions should not impair the comparability over time and must be adequately disclosed by the Company. We have assessed that the Company disclosed these differences, that have impact, adequately in the Aegon 2016 Review on page 81.</p> |

in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our main review procedures include:

- Performing an external environment analysis and obtaining insight into relevant social themes and issues, relevant laws and regulations and the characteristics of the organization.
- Evaluating the appropriateness of the reporting policy and its consistent application, including the evaluation of the results of the stakeholders’ dialogue and the reasonableness of management’s estimates.
- Evaluating the design and implementation of the reporting systems and processes related to the information in the sustainability information.
- Interviewing relevant staff at corporate and reporting unit level responsible for the sustainability’s strategy and policy.
- Interviewing relevant staff at corporate level, responsible for providing the information in the sustainability report, carrying out internal control procedures on the data and consolidating the data in the sustainability information.
- Visits to significant components in the United States, United Kingdom and The Netherlands to evaluate the source data and to evaluate the design and implementation of control and validation procedures at local level.
- An analytical review of the data and trends submitted for consolidation at corporate level.
- Reviewing internal and external documentation to determine whether the sustainability information, including the disclosure, presentation and assertions made in the information, is substantiated adequately;
- Assessing the consistency of the sustainability information and the information in the Aegon 2016 Review not in scope for this assurance report;
- Assessing whether the sustainability information has been prepared ‘in accordance’ with the Sustainability Reporting Standards GRI.

In addition to the procedures mentioned above, for the sustainability information about the ‘strategic indicators’ (marked with a circle ●) on page 81 we performed the following audit procedures:

- Assessing the systems and processes for data gathering, including testing the design, existence and the effectiveness of the relevant internal controls during the reporting year;
- Conducting analytical procedures and substantive testing procedures on the relevant data;
- Assessing the processing of other information, such as the aggregation process of data to the sustainability information as presented in the Aegon 2016 Review 2016; and
- corroborating internal and external documentation to determine whether the sustainability information is substantiated adequately.

Amsterdam, March 23, 2017

PricewaterhouseCoopers Accountants N.V.

Original has been signed by
Drs. R. Dekkers RA

Responsibilities for the sustainability information and the assurance-engagement

Responsibilities of the Executive Board

The Executive Board of the Company is responsible for the preparation of the sustainability report in accordance with the Sustainability Reporting Standards of GRI and the internally applied reporting criteria as disclosed on page 74 of the Aegon 2016 Review 2016, including the identification of stakeholders and the definition of material subjects. The choices made by the Executive Board regarding the scope of the sustainability information and the reporting policy are summarized in the sections “Reporting principles and processes” on page 74 and “Reporting scope” on page 75. The Executive Board is responsible for determining that the applicable reporting criteria are acceptable in the circumstances.

The Executive Board is also responsible for such internal control as it determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or errors.

The supervisory board is responsible for overseeing the Company’s reporting process on the Sustainability Information.

Our responsibilities for the assurance engagement of the sustainability information

Our responsibility is to plan and perform the assurance engagement to obtain sufficient and appropriate assurance information to provide a basis for our conclusion and opinion.

The review procedures aim to obtain limited assurance. In obtaining a limited level of assurance, the performed procedures are aimed at determining the plausibility of the sustainability information related to the Company’s qualitative disclosures about material issues and the indicators in scope of our engagement and ‘material indicators’

(marked with a triangle ▲) on page 81 and are less extensive than those aimed at obtaining reasonable assurance in an audit engagement. The performed procedures in this context consisted mainly of gathering information from the Company’s employees and applying analytical procedures set out in relation to the information included in the sustainability information. The assurance obtained in review engagements aimed at obtaining limited assurance is therefore significantly lower than the assurance obtained in assurance engagements aimed at obtaining reasonable assurance.

Our audit procedures aim to obtain reasonable assurance on the sustainability information related to the Company’s ‘strategic indicators’ (marked with a circle ●) on page 81. Our audit procedures have been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstaterments may arise due to fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our review and audit, as well as the evaluation of the effect of identified misstatements on our conclusion and opinion.

From the matters communicated with the Executive board and Supervisory board we determine those matters that were of most significance in the assurance engagement of the sustainability information and are therefore the key matters. We describe these matters in our assurance report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the assurance engagement,

Index

- A**
 Aegon Asset Management 6-7, 9, 18-19, 27, 36-37, 40, 59, 61, 82
 Aegon Insights 17
 Aegon Center for Longevity and Retirement 28, 61
 Aegon Retirement Readiness Survey 12, 14, 16, 28, 61, 63, 67, 84, 90
 Aegon THTF, China 17
 Aging & changing demographics IV, 20, 22, 28, 44, 61
 Allianz 6, 7, 15, 33
 Annuities 6, 9, 13, 15, 24, 31, 32, 41, 47
 Assurance 74, 75, 94, 95
 Auxmoney 59
- B**
 Banco Santander 9, 33
 BlackRock 6, 9, 15, 33, 47, 57
 Brexit 15, 16, 19, 27, 63
 Business model 31
- C**
 Capital efficiency 28
 Capital generation 41
 Capital-light business model 6, 9, 15, 24
 Capital requirements See Solvency II
 Capital, return to shareholders 30, 40, 41, 57, 86
 CDP, formerly Carbon Disclosure Project 91, 92
 Center of Excellence for Digital 25, 38
 Climate change 22, 36, 37, 90, 92
 Code of Conduct 59, 75, 81, 87, 92
 Cofunds See Legal & General
 Customer contact 4-5, 17, 42
- D**
 Data protection 25, 26, 85, 87, 90
 Demographics (please see Aging & changing demographics)
- Digital transformation 15, 17, 20, 22-23, 25, 30, 32-33, 38-39, 41, 59, 67
 Disclaimer Inside back cover
 Distribution 9, 15, 17, 31, 50-51, 53, 59
 Diversity & non-discrimination 22, 32, 55, 87, 92
 Divestments 6, 9, 15, 24, 37, 41
 Dividends and coupons 40, 41, 57, 75, 81, 86, 87
 Dow Jones Sustainability Indices 7, 86
 Dodd-Frank Act, US 26
 Dutch Central Bank 5, 19, 26, 33, 92
- E, F**
 Employee engagement 4-5, 32, 55, 75, 81, 83
 Employee representation 83
 Extractives Industry Transparency Initiative 92
 Financial performance 41, 79-80
 Financial ratings 40
- G**
 Global Aegon Awards 54
 Global Ethics Line 87
 GoBear 25, 33
 Governance 36, 48, 63, 76-78, 87, 92, 93
 Green bonds, green funds, investment in 10, 36-37
 GRI, Global Reporting Initiative 57, 74, 87
- H**
 Health & Safety 87, 90
 Hedging 24, 28
 Human capital 55, 84
 Human rights 87, 92
- I**
 IFRS, International Financial Reporting 87
 IIRC, International Integrated Reporting Council 57, 74, 87
- Impact investing 36-37, 75, 81, 85, 89
 Inclusive insurance 34-35, 55, 61, 85, 89
 Interest rates 15, 20, 22-23, 24, 30, 33, 40, 41, 63
 International Labour Organization 87
 Investments 18-19, 22, 24, 36-37, 40, 59, 61, 75, 80, 81, 85, 86, 87, 88-89
- J, K**
 Kames Capital 7, 19, 27
 Knab, Dutch online bank 15
- L**
 La Banque Postale 19, 59
 Legal & General 6, 7, 9, 15, 33, 47
 Leyden Academy IV, 63
- M**
 Management 7, 15, 19, 20, 22-23, 24, 25, 27, 48, 55, 57, 63, 76-78, 82, 87, 93
 Market conduct 90
 Material issues 20-28, 32-33, 44, 74, 88-89
 Materiality matrix 22-23
 Mercer 13, 58
- N**
 New technologies See Digital transformation
 Nordea 15
 NPS, Net Promoter Score 5, 10, 17, 30, 32, 35, 53, 75, 81, 85
- O**
 OECD, Organisation for Economic Cooperation & Development 61, 67, 92
 Online, products & services 9, 15, 17, 25, 32-33, 53, 59, 81, 85;
 See also Platform business
- P, Q**
 Pensions 9, 13, 15, 19, 28, 31
 Platform business 6-7, 9, 10, 15, 17, 26, 46-47, 58-89, 63
 Product development, pricing & approval 5, 26, 31, 50
 Purpose III, 10, 30-31, 41
- R**
 Regulation, financial services sector 10, 22, 23, 26, 33, 63, 87, 91
 Remuneration 22, 49-50, 60, 69, 22, 78, 87
 Reporting, policy & approach 18, 19, 22, 23, 48, 53, 57, 59, 74, 75, 87, 90, 92
 Responsible investment 7, 19, 36, 37, 81, 85, 86, 87, 90, 91, 92, 93
 Responsible tax 7, 48, 86
 Restructuring 7, 10, 12-13, 17, 33, 41, 55
 Risk management 27, 28, 87
 Rothesay Life 6, 9, 15, 33
- S**
 SASB, Sustainability Accounting Standards Board 74, 87
 Social media 4-5, 85
 Socially responsible funds 37, 85
 Solvency II 5, 9, 20, 22, 26, 30, 40, 41
 Stakeholders
 • Business partners 4-5, 50-51, 58-59, 90
 • Customers 4-5, 30, 32-33, 50-51, 52-53, 81, 85
 • Employees 4-5, 30, 32-33, 50-51, 54-55, 81-84
 • Investors 4-5, 40, 41, 50-51, 56-57, 86
 • Local communities 4-5, 50-51, 60-61, 84, 88-89
 Stanford Center of Longevity 6
 Sustainable Development Goals 36-37, 88-89
 Sustainable procurement 59, 86, 87, 90, 92
- T**
 Targets, financial & non-financial 6, 9, 30, 40, 41, 43, 57, 63
 Training & talent development 22-23, 32, 50, 54-55, 75, 81, 83, 85
 Transamerica 6-7, 10, 12-13, 28, 32-33, 40, 42-43, 52-53, 57, 58, 61, 63, 91
 Transamerica Center for Retirement Studies 61, 28
 Transamerica Ventures 15, 59
 Trump, Donald 26, 27
- U**
 UN Declaration of Human Rights 87
 UN Principles for Responsible Investment 7, 37, 92
 UN Principles for Sustainable Insurance 90, 92
- V**
 Value chain 50-51
 Vereniging Aegon 57, 93,
 Volunteering 4-5, 55, 61, 84

Forward-looking statements

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

- Changes in general economic conditions, particularly in the United States, the Netherlands and the United Kingdom;
- Changes in the performance of financial markets, including emerging markets, such as with regard to: The frequency and severity of defaults by issuers in Aegon's fixed income investment portfolios;
- The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in the value of equity and debt securities Aegon holds; and
- The effects of declining creditworthiness of certain private sector securities and the resulting decline in the value of sovereign exposure that Aegon holds;
- Changes in the performance of Aegon's investment portfolio and decline in ratings of Aegon's counterparties;
- Consequences of a potential (partial) break-up of the euro;
- Consequences of the anticipated exit of the United Kingdom from the European Union;
- The frequency and severity of insured loss events;
- Changes affecting longevity, mortality, morbidity, persistence and other factors that may impact the profitability of Aegon's insurance products;
- Reinsurers to whom Aegon has ceded significant underwriting risks may fail to meet their obligations;
- Changes affecting interest rate levels and continuing low or rapidly changing interest rate levels;
- Changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates;
- Changes in the availability of, and costs associated with, liquidity sources such as bank and capital markets funding, as well as conditions in the credit markets in general such as changes in borrower and counterparty creditworthiness;
- Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
- Changes in laws and regulations, particularly those affecting Aegon's operations' ability to hire and retain key personnel, taxation of Aegon companies, the products Aegon sells, and the attractiveness of certain products to its consumers;
- Regulatory changes relating to the pensions, investment, and insurance industries in the jurisdictions in which Aegon operates;
- Standard setting initiatives of supranational standard setting bodies such as the Financial Stability Board and the International Association of Insurance Supervisors or changes to such standards that may have an impact on regional (such as EU), national or US federal or state level financial regulation or the application thereof to Aegon, including the designation of Aegon by the Financial Stability Board as a Global Systemically Important Insurer (G-SII);
- Changes in customer behavior and public opinion in general related to, among other things, the type of products Aegon sells, including legal, regulatory or commercial necessity to meet changing customer expectations;
- Acts of God, acts of terrorism, acts of war and pandemics;
- Changes in the policies of central banks and/or governments;
- Lowering of one or more of Aegon's debt ratings issued by recognized rating organizations and the adverse impact such action may have on Aegon's ability to raise capital and on its liquidity and financial condition;
- Lowering of one or more of insurer financial strength ratings of Aegon's insurance subsidiaries and the adverse impact such action may have on the premium writings, policy retention, profitability and liquidity of its insurance subsidiaries;
- The effect of the European Union's Solvency II requirements and other regulations in other jurisdictions affecting the capital Aegon is required to maintain;
- Litigation or regulatory action that could require Aegon to pay significant damages or change the way Aegon does business;
- As Aegon's operations support complex transactions and are highly dependent on the proper functioning of information technology, a computer system failure or security breach may disrupt Aegon's business, damage its reputation and adversely affect its results of operations, financial condition and cash flows;
- Customer responsiveness to both new products and distribution channels;
- Competitive, legal, regulatory, or tax changes that affect profitability, the distribution cost of or demand for Aegon's products;
- Changes in accounting regulations and policies or a change by Aegon in applying such regulations and policies, voluntarily or otherwise, which may affect Aegon's reported results and shareholders' equity;
- Aegon's projected results are highly sensitive to complex mathematical models of financial markets, mortality, longevity, and other dynamic systems subject to shocks and unpredictable volatility. Should assumptions to these models later prove incorrect, or should errors in those models escape the controls in place to detect them, future performance will vary from projected results;
- The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including Aegon's ability to integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;
- Catastrophic events, either manmade or by nature, could result in material losses and significantly interrupt Aegon's business; and
- Aegon's failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving and excess capital and leverage ratio management initiatives.

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

How to contact us

We welcome opinions, complaints and suggestions from our stakeholders. If you'd like to make a suggestion or a complaint, please feel free to contact our Communications, Investor Relations or Sustainability teams:

Corporate Communications

Robin Boon
Head of Corporate Communications
Telephone: +31 70 344 8344
Email: gcc@aegon.com

Investor Relations

Willem van den Berg
Head of Investor Relations
Telephone: +31 70 344 8405
or toll free: 877 548 9668 (US only)
Email: ir@aegon.com

Strategy & Sustainability

Marc van Weede
Global Head of Strategy & Sustainability
Telephone: +31 70 344 8543
Email: gcc@aegon.com

Postal address

Aegon N.V.
P.O. Box 85
2501 CB The Hague
The Netherlands

We can also be contacted via Twitter, LinkedIn, YouTube and Facebook.



Colophon

Consultancy and design [DartGroup, Amsterdam \(NL\)](#)

Editing and production [Aegon Group Sustainability](#) and [Aegon Group Corporate Communications \(NL\)](#)

Portrait photography Alex Wynaendts [Ad Bogaard, Wormerveer \(NL\)](#)

Portrait photography Astrid Velland [Ad Bogaard, Wormerveer \(NL\)](#)

Case study photography Hackathon [Gábor Fényes, Budapest, \(HU\)](#)

Case study photography Paul Bucksey [Alan McCredie, Edinburgh \(UK\)](#)

Portrait photography Anoop Mehta [Larry Canner, Baltimore \(US\)](#)

Portrait photography Zsófia Hontiné Sohajda [Erik van der Burgt, Tilburg \(NL\)](#)

Portrait photography Rients Abma [Ad Bogaard, Wormerveer \(NL\)](#)

Portrait photography Fiona Dunsire [Alan McCredie, Edinburgh \(UK\)](#)

Portrait photography Maria Lúcia Cavalcante Dejavite [Ricardo Malta, Sao Paolo \(BR\)](#)

Portrait photography MB members [Rene van der Hulst, Tilburg \(NL\)](#)

Portrait photography SB members [Rene van der Hulst, Tilburg \(NL\)](#)

Typesetting [DartGroup, Amsterdam \(NL\)](#)

Printing [HaboDaCosta, Vianen \(NL\)](#)

Binding [Hexspoor, Boxtel \(NL\)](#)

This is Aegon's 2016 Review. For more details about any of the issues here, please refer to our online version at aegon.com. Alongside this Review, we also publish an Annual Report, which is Aegon's main regulatory reporting document. The Annual Report provides full analysis of our financial performance, as well as details of Aegon's risk and capital management, remuneration and system of corporate governance. Our 2016 Annual Report is also available online.



Helping people achieve
a lifetime of financial security

Finding financial balance

