

Mongeral Aegon

Principles for Sustainable Insurance

2013 | 2014 Report

During the years 2013 and 2014, Mongeral Aegon went through a significant restructuring process, which impacted its whole organizational structure. To adapt to these changes, the Communication area was one of the most affected, becoming responsible for managing activities related to incorporating sustainability guidelines into the relationship with stakeholders and into its business strategy.

As a result of this restructuring process, we conducted a structured diagnosis of the current scenario and of the priorities that will be established; we did not publish a sustainability report and requested a *Grace Period to the Global Pact*.

The following report focuses on the actions developed during 2013 and 2014.

At 180 years old, the consolidation of a group

Mongeral Aegon is the first pension initiative in the country and the only one that has been operational since 1835, which makes it one of the three oldest companies in constant operation in Brazil. It is present all over the country with more than 1 million clients, to whom it insures more than BRL 150 billion.

Since 2009, it has been part of the Aegon Group, one of the ten largest insurance groups in the world, present in more than 20 countries and with 28,000 employees. With more than 638 billion Euro in managed assets, the Aegon Groups is among the ten largest personal life and pension plan companies in the United States. It is the largest group retirement insurer in Holland and one of the five largest personal insurance companies in the United Kingdom.

In Brazil, we are present in all regions in more than 60 units where more than 4 thousand partner insurance brokers work, and in the last 10 years, our average annual growth was of 27% in revenues and 25% in reserves. With the expansion of business, we structured ourselves as the Mongeral Aegon Group, which comprises, in addition to the insurance company, a pension fund - Mongeral Aegon Pension Fund, a liability management provider - Mongeral Aegon Pension Manager, and an asset manager - Mongeral Aegon Investments, which focuses on institutional investors, and currently has over

BRL 1 billion in managed assets and 31 funds divided into different strategies. In 2013 and 2014, the management of the Private RF P/VGBLs and of the Private TOP were listed among the best in the market and received a five-star rating from S&P.

In the same period one significant change was made by Mongeral Aegon: defining a purpose that goes beyond its business strategy. From a view of "a financial service distribution company with a sales channel for its own products and partner products that offers competence, flexibility and agility", which successfully guided the company's growth in the past, to a strong notion that we are a company of people for people brought the need to consider the fact that a life and retirement insurer has to contribute to society. "We exist to help people take responsibility for their financial future" became the company's purpose and it is this purpose that now guides us. (Principle 2)

Principle 1 – We will embed in our decision-making environmental, social and governance issues, relevant to our insurance business

Corporate Management and Governance

2014 was a year when we deepened the diagnosis and definition of relevant actions that started to be carried out by the Communication department along with the Institutional Relations department, also responsible for governance and compliance.

The inclusion of sustainability initiatives, the increase of the company's size, and its increasingly closer operation with regulating agencies also contributed to restructuring the compliance area in the same year. This new structure made it possible for the area to work closer to the other areas of the company with better governance. This change relocated the Financial department into the Institutional department.

Products and Services

Mongeral Aegon seeks to constantly update its products and services portfolio to meet the financial protection needs of a growing number of people and their respective risks, from popular insurance to high income, with coverage based on market and behavior research on its client base.

Minha Família (My Family) - in 2012, one of the first Brazilian popular insurance option Minha Família (My Family) was launched, aimed at meeting the needs of the D and E classes and totally aligned with the guideline protocol at the time at Susep for Microinsurance. In 2013, Mongeral Aegon was authorized by the autonomous government entity to work in this market segment.

Private Solutions - is the first 100% national life and retirement insurance option, specially designed for high-income clients with high capital coverage. This product has a different risk analysis, which allows people with different life styles and clinical records to be insured at fair prices, proportional to their risk.

This feature allows us to offer in some cases prices up to 50% lower than traditional insurance, in addition to accepting clients in such health conditions that normally would not have access to this type of product. In 2014, the insured capital sums were broadened by a change in the risk analysis process, which allowed us to include more acceptance profiles and a reevaluation of the risk analysis for smokers, thus decreasing costs for this audience. Another important evolution of the product was expanding purchase of coverage of up to 20 years to 30 years and the age limit for the plan from 80 to 85 years of age.

Sales and Marketing

In 2013, the Commercial department was restructured and four distribution channels were defined (*Network, Corporate, Private Retirement and Public Retirement*), focusing on the company's sales force action.

Online store - once again pioneering the market, Mongeral Aegon was the first insurer to launch life and private retirement insurance e-commerce with a 100% online and consultative process, in the second semester of 2013. The company, who traditionally communicated with its audience only through conventional channels, became a company with different points of contact with the client - from the insurance broker, our more traditional business partner, to the online consultative service, through the online store and social networks. The new channel allowed life and retirement coverages to reach consumers even in the most remote locations.

Sales rooms, an infrastructure available to partner insurance brokers in all of the company's branch offices, were also included in this new distribution model. With personalized urls, insurance brokers and also specific business partners started to have their own stores, 100% customized and easily identifiable by the user, entering the online environment and bringing financial protection information and products to their audience and clients anywhere in the country.

Mongeral Aegon's digital strategy case won the 2014 Antônio Carlos de Almeida Braga Prize granted by CNSeg. This strategy reinforces the notion of company closeness - being available to clients regardless of the means chosen by them - and scope of its solutions. It also includes sharing and communicating good practices with the market.

Reformulation of sales brochures - we have always been aware of the changes in people's consumption profiles. However, not always have we been up to date as to the best way to communicate with them. Therefore, in 2012, establishing a purpose, anchored by the communication guidelines of the new brand - closeness, financial planning, trust and sustainable DNA -, and reinforced by the values adopted - clarity, team work and overcoming expectations - brought massive change to all communications in the company.

As a result, in 2013, all products' brochures, relationship and benefit letters, welcome kits, institutional website content, and the way we approached subjects on social networks were reviewed. The challenge was to change how we communicated in order to simplify the language so that all could understand.

Remove all the insurance jargon from the discourse, bring the client closer and simplify information as much as possible, stating clearly what and how we can be close to people so that they can take responsibility for their financial future.

All this process was developed using a Design Thinking methodology to reach the end result, going through a lot of prototyping of the daily routine of many brokers and clients from different regions in the country until we were ready to launch.

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

Insurers, reinsurers, and intermediaries.

Since 2012, Mongeral Aegon has participated in discussion forums and commissions held by the CNSeg (National Confederation of Companies in General Insurance, Private Pension and Life, Health Insurance and Capitalization) with players in the insurance market and class associations. The company is a member of the commissions on Sustainability, Communications and Events, Products, Ombudsman, Compliance, Administration and Finance (CAF), Investments, Legal Matters, Actuarial (CAT), Microinsurance and Popular Insurance. In the National Federation of Private Pension Funds and Life Insurance (Fenaprevi), the company participates in the Investments, Legal, Risk Products, and Survival Products commissions. Mongeral Aegon is also part of the Audit Board of the Seguradora Líder – DPVAT, of the Southern Regional Actuarial Commission, of the Brazilian Association of Pension Funds (Abrapp), of the Actuarial Statements Committee, of the Brazilian Institute of Actuaries (IBA), of the National Supplementary Pension Fund Council – CNPC, of the LIMRA council, and of the Ombudsman Committee of the Brazilian Association of Company-Client Relations (ABRAREC); and actively participates in discussion forums in the sector. Participation is still restricted to a small group of leaders in the company and the challenge is to make information pervade all levels of collaborators.

Broker Training Program - since 2002, Mongeral Aegon has been one of the only insurers in the market authorized by the National School of Insurance (Funenseg) to train insurance brokers for the market, as certified by the Superintendence of Private Insurance of the Finance Ministry (Susep). Since its inception, the program has trained more than 2,000 professionals, and in 2014 alone there were more than 780 trainees, as we call these professionals who start partnering with the company.

In 2014, the whole process of attracting, selecting, training, and retaining these professionals in partnership with the company started to be reviewed. The goal was to get better results and also to have professionals who were more connected with the company's purpose and, therefore, more capable of meeting the information and consulting needs of current and future clients. We expect that all branch offices will be using the new process by the end of the first semester of 2016.

Principle 3 – We will work together with governmental, social and governance issues

Social initiatives

All changes through which the company has gone in the last years have allowed sustainability to be incorporated into the business, and there are now more elements that enrich the way the company understands its core business - individual life and private pension insurance. With the previously mentioned purpose of helping people take responsibility for their financial future as our main goal, investments and engaging actions with audiences were highly prioritized to directly impact people along the value chain.

Education as a change induction agent - the launch of the Mongeral Aegon University in 2013 is worth mentioning. It is divided into six schools - Corporate, Leaderships, Business, Operations, Technical, and Relationship and Sustainability - with curricula divided into training, capacity building, and development, offered as classroom, online, and blended (classroom and online) courses.

The Relationship and Sustainability school is the one directed to audiences other than collaborators and partner brokers. Its main goal is to bring financial education to an increasingly larger number of people. In May 2014, during the 1st National Financial Education Week (Semana ENEF), the company's content portal [EuPlanejo360.com.br](http://euplanejo360.com.br), showed a series on the theme (<http://euplanejo360.com.br/dinheiro/artigo/materia/cinco-licoos-para-ajudar-no-seu-planejamento-financeiro>). The subject was also dealt with in social networks and in lectures for employees and brokers all over Brazil.

Financial Education for children - in 2014, Mongeral Aegon brought this subject up during the celebration of Children's day for the first time. In addition to engaging collaborators' children in playful activities about finance during the special program for Children's week, a series was also produced with content for the social networks of the company and for the [EuPlanejo360.com.br](http://euplanejo360.com.br) portal, including a game for download, available at <http://euplanejo360.com.br/familia/artigo/materia/especial-educacao-financeira-para-criancas>.

Reformulation of volunteering actions - in line with the process of restructuring the existing initiatives according to sustainability guidelines, the four traditional volunteering actions - Easter, Children's day, Winter and Christmas - were merged in order to create one single continuous relationship between the company and its collaborators and institutions and people who benefit from their actions. Institutions all around Brazil were mapped to become long-time partners in each one of the regions where the company is present - 30 institutions and more than 2 thousand people benefit from our actions. Another new feature was incorporating these actions into the annual activity calendar as part of the mobilization programs that already take place in the company.

Pequeno Príncipe Hospital - through the Tax Exemption Law set forth in the Child and Adolescent Statute, Mongeral Aegon continues to sponsor part of the project "Pelo Direito à Vida" carried out by the Pequeno Príncipe Hospital (PR), who has been a reference hospital in Pediatrics in the country. The

project acquires materials and equipment for the hospital, develops scientific research, provides professional training, and produces knowledge in order to improve the quality of life of patients and to reduce the mortality of children and adolescents.

From inside out, new habits - internally, collaborators' adherence to actions promoted by the company surpasses our expectations every day. In order to raise awareness among collaborators about sustainable practices, we offer an online course on sustainability that explains the triple bottom line and how it can be implemented in organizations.

Our assumption is that actions aimed at sustainability should continually permeate the company. In 2013, we revamped the action with a special monthly edition of the Integration Program, shown on Mongeral Aegon TV, for employees only. In the show, collaborators were stimulated to exchange sustainable ideas and experiences.

Principle 4 – We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles

Mongeral Aegon remains a signatory of the Global Pact, Principles for Sustainable Insurance, and Principles for Responsible Investment initiatives. As to the Carbon Disclosure Project (CDP), in 2014, the company decided to remain as an observer of the activities developed and no longer as a supporting member, because of the redefinition of our position regarding the subject. The same is valid for the Natural Capital Declaration (NCD).

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