



Committed to sustainable value creation

NN Group N.V.
Annual Review 2020



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The 2020 Annual Report consists of the 2020 Annual Review and the 2020 Financial Report. It provides an integrated review of the performance of NN Group.

The Annual Report aligns relevant information about our governance, strategy, performance and future prospects in a way that reflects the economic, environmental and social contexts in which we operate. It is prepared in accordance with Dutch law, relevant EU disclosure regulations and reporting standards.

Together with this report, NN Group publishes a Solvency and Financial Condition Report, a Total Tax Contribution Report, and a Carbon Footprint Report. Next to that, NN Investment Partners launches a Responsible Investing Report. All these reports are published on NN Group's corporate website in the Investors/Financial Report section.

Read more on our approach to reporting on pages 61-62 of the Annual Review.

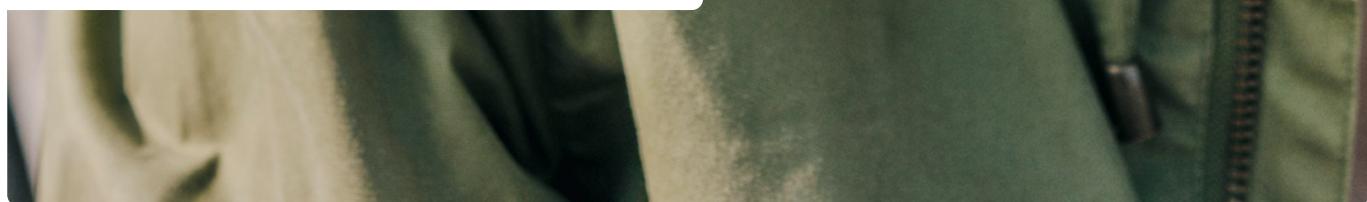
 Visit our website for further information
www.nn-group.com



You matter

We believe that people want to live life to the fullest. We empower them to do just that – through all stages of their lives – by providing sound financial products and services, and by being a trusted advisor. We are steadfast in our commitment to help people care for what matters most to them.

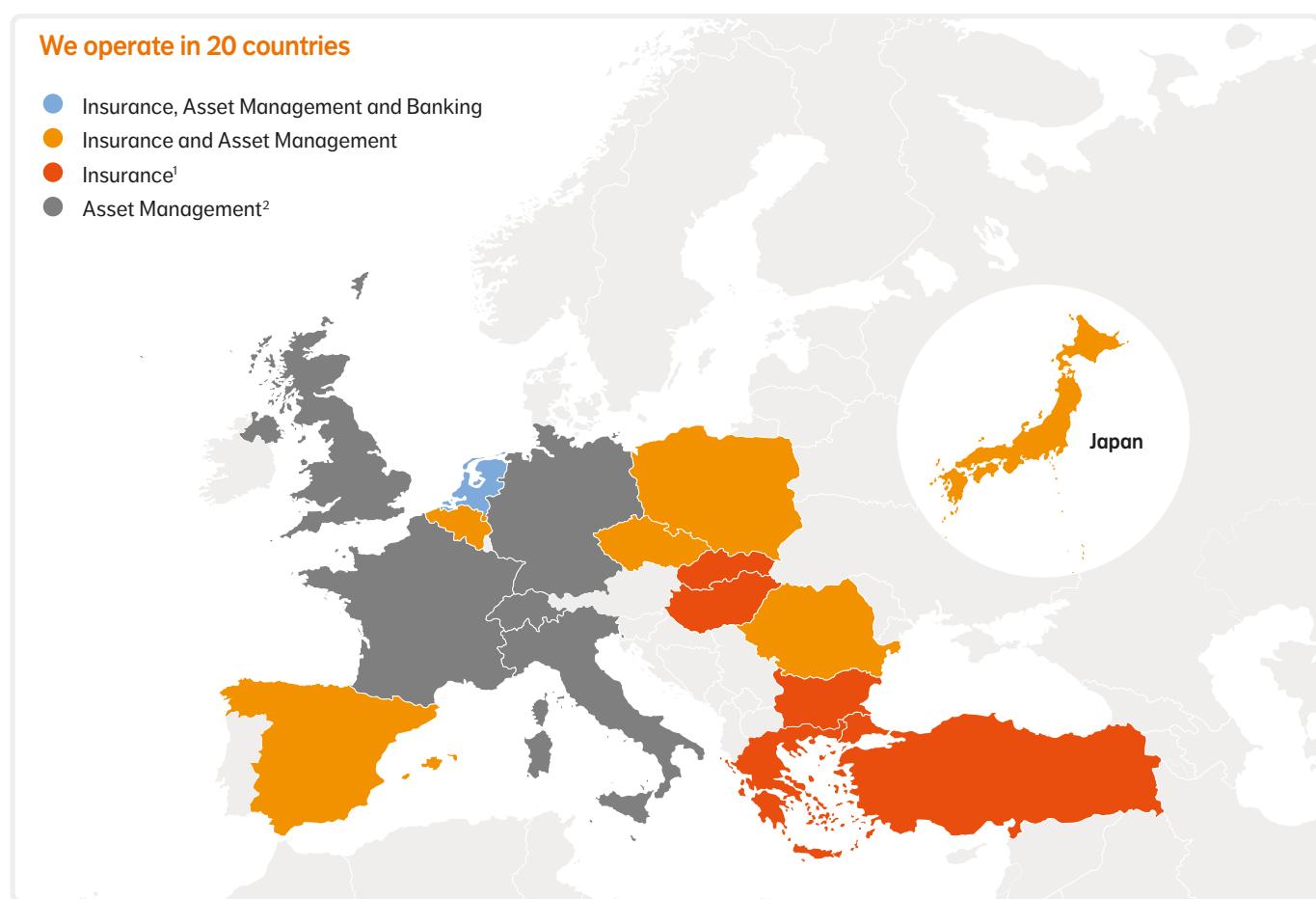
What matters to you, matters to us.



About NN – Who we are

Who we are

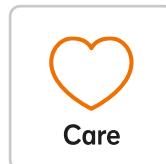
Founded in 1845, NN Group is a financial services company, active in several European countries and Japan. For more than 175 years, our company has merged, grown and changed, but the core of who we are has remained the same. At NN we are committed to creating long-term value for all our stakeholders.



¹ On 11 February 2021, NN Group reached an agreement with KBC to sell its Bulgarian operations; the transaction is expected to close in the course of 2021.

² Outside Europe and Japan, NN Investment Partners has offices in Montevideo, New York and Singapore.

Our values



About NN – Who we are continued

Diverse portfolio of businesses

Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Asset Management	Banking
#1 position in group pensions	#1 position in disability and accident	top 3 life and pensions player in CEE	COLI leading player	A+ score by Principles for Responsible Investment	5th retail bank in the Netherlands
40% market share in group pensions	32% market share in disability and accident	#2 life insurer in Greece	~10% market share	EUR 300bn Assets under Management	EUR 8.2bn mortgage origination
21% market share in individual life	25% market share in property and casualty, #2 position	>20% market share in Poland and Romania			

NN Group operating result before tax (EUR 1,889m)¹



- Netherlands Life 49%
- Netherlands Non-life 10%
- Insurance Europe 14%
- Japan Life 12%
- Asset Management 7%
- Banking 8%

¹ Percentages based on total operating result excluding the segment Other (EUR -151m) for 2020.

Our main brands



ABN AMRO Verzekeringen



Our products and services

Life insurance

- Group income
- Group pensions
- Individual pensions
- Japan: Corporate Life (COLI)

Non-life

- Employee benefits
- Fire insurance
- Health insurance
- Individual disability
- Liability insurance
- Motor insurance
- Property and casualty
- Transport insurance

Banking

- Consumer lending, savings and investment products
- Mortgage origination and servicing for NN Group companies and third parties
- Open banking payment services

Asset Management

- Alternative credit
- Automated investing strategies
- Multi-asset and fixed income solutions
- Specialised equity
- Specialised fixed income

Ratings

Included in sustainability indices



Recognised by ESG ratings



Credit ratings



A

Financial strength
Stable



A+

Financial strength
Stable



Credit rating
Stable



Credit rating
Stable

About NN – CEO viewpoint

CEO viewpoint 2020



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The well-being and safety of our people, customers and society remains our priority, through this challenging period and thereafter

David Knibbe
Chief Executive Officer

Can you summarise 2020 in three words?

People, future, world. The year 2020 was dominated by Covid-19, which continues to have a profound impact on millions of people and their livelihoods. Around the world, the virus has changed the way we live, work, travel, communicate, consume, and interact with each other. We all had to adapt to the new situation overnight, which has altered the experience of being an employee, a customer, or a citizen. This has also made us think about the future differently, as it accelerated the pace of change and clearly showed the fast and transformative impact of technology. It also emphasised the need to connect and care for others. In this sense, it was a year that brought new learnings, but also complex dilemmas of polarisation, economic security, health care, racial and gender inequality, and environmental protection. One of the most enduring insights will be how interconnected today's world is. What happens anywhere, affects all of us everywhere, and often in a matter of hours.

For NN, how do you look back on 2020?

2020 was a year we will not easily forget. Also at NN, colleagues have been working from home since mid-March. Even though it has been challenging, our people have quickly adapted to the new circumstances, and continued to care for each other, our customers, and our communities. We were

impressed by, and grateful for, this resilience, and it meant that we could continue our business without interruption, with employee engagement going up and customer satisfaction remaining broadly stable. We have supported our customers with concrete and immediate solutions, and we have continued to support our partners in society. A highlight was also the completion of the acquisition of VIVAT Non-life, which makes us the leading player in the Dutch Non-life insurance market. Our overall financial and business performance remained strong, with a relatively limited negative impact of Covid-19 on our operating result. Furthermore, in 2020, we developed our company's new strategy, taking onboard the input of many different stakeholder groups. In April, we updated the composition of our Management Board, welcoming two new members, Bernhard Kaufmann and Leon van Riet. All this enabled us to make a promising start with the implementation of our strategy.

What were the main drivers behind the company's performance?

In the Netherlands, our Life & Pensions business posted strong results on the back of the accelerated shift to higher-yielding assets. We completed an attractive longevity transaction to transfer the full longevity risk associated with in total EUR 13.5 billion of pension liabilities in the

Netherlands, which creates optionality to further optimise our capital structure. NN Bank, the fifth largest retail bank in the Netherlands, continued to show growth, and originated new mortgages for a total amount of EUR 8.2 billion. In the Dutch Non-life business we saw an increase in disability and events-related claims, but the overall combined ratio held up well, at a level of 95.3%. NN IP managed to increase its total Assets under Management to EUR 300 billion, with a net inflow of third-party assets of EUR 13.6 billion. And, at Insurance Europe, we saw continued commercial momentum, helped by our strong tied agent force, and sales were up in the second half of the year. In Japan, we managed to recover our performance in the course of the year, from the impact of tax reforms in the beginning of 2020. All in all, a solid foundation for delivering on both our financial and non-financial targets.

What are your priorities for customers?

We want to create long-term value for all our stakeholders through realising our purpose: we help people care for what matters most to them. It is our ambition to be an industry leader known for our customer engagement, our talented people, and our contribution to society. To achieve this, we need to evolve our current skills, and develop new capabilities in order to meet the changing customer demands and to stay competitive.

About NN – CEO viewpoint continued

The power of technologies such as artificial intelligence and data analytics enable us to adjust our business models, improve customer experience, and become more efficient. A good example is HCS (Human Capital Services) in the Netherlands, that develops new services and platforms to support both employees and employers of SME companies in their mental and physical well-being and in increasing employee engagement and productivity. Also, to better serve a specific group of customers, we introduced a flexible, transparent and guaranteed protection product targeting the self-employed, which allows them to pay only for the coverage they need. We will continue to invest in these kinds of propositions.

What are your priorities for employees?

We offer our employees an environment in which they can be who they are, invest in their personal and professional growth, and develop a strong adaptability to change. In 2020, this need for flexibility already proved to be a reality, as working from home became the new normal, replacing daily commutes, moving meetings online, and offering flexible working hours. These changes turned out to have limited impact on productivity, and our colleagues indicate to be pleased with more optionality in managing their work-life balance. However, it has also become clear that the social interaction the office provides is missed, specifically when it comes to creativity, specific team projects, and people's general well-being. We will therefore continue to invest in supporting our colleagues to stay physically and mentally fit.

Also, in 2020, across the globe, there has been a lot of attention to increased inequality, both social and economic. For NN these are important themes, and we shared our plans for a more inclusive workforce, customer experience, and community support in NN's diversity and inclusion statement. We also again looked at the equal pay ratio in our company, and took next steps in supporting our LGBTI+ community.

And your priorities for shareholders?

We are focused on maintaining a strong balance sheet and generating resilient and growing cash flows, by using our financial strength, scale and international footprint. We demonstrated that we can withstand the low interest rate environment, are well positioned to navigate market volatility, and have profitable growth opportunities in attractive markets. This underscores our commitment of growing operating capital generation over time, and thus delivering attractive and growing capital returns to our shareholders. The operating capital generation in 2020 was impacted by the exceptional market circumstances and low interest rates, as well as the suspension of bank dividends. On the other hand, our accelerated shift to higher-yielding assets provided some offset in the form of higher investment margins. All in all, we are well on track to deliver attractive and growing capital returns to our shareholders.

How did you progress on your social and environmental agenda?

With the aim to contribute to the well-being of people and planet, we support the transition to a sustainable economy by engaging with hundreds of investee companies, and voting for change at more than 3,000 shareholder meetings. Through these actions, we also give substance to our ambition to transition our proprietary investment portfolio to net-zero carbon emissions by 2050, in line with the Paris Agreement. Together with around 40 financial institutions, NN Investment Partners signed the Finance for Biodiversity Pledge calling on global leaders to act, and committing ourselves to protect and restore biodiversity through our finance activities and investments. We are pleased to have received external recognition for our ESG performance by being included in the Dow Jones Sustainability Indices, and by our improved CDP climate change disclosure A- rating. Our commitment to being a responsible taxpayer is demonstrated by our high ranking in the Dutch tax transparency benchmark, for the second year in a row.

Furthermore, we support our communities through various initiatives. For example, in the Czech Republic, employees supported single parent families and people in senior care homes. In the Netherlands, colleagues were trained as home administration volunteers, and are now able to help family members and friends when they face difficult financial circumstances.

What are your plans for 2021?

For 175 years, our values and purpose have underpinned what we do, and these will continue to shape our view of the culture we want to be known for, as we adapt NN to changing customer expectations in an evolving economic, political and digital landscape. There are many uncertainties in today's world, but by keeping a sharp focus on executing on our strategic direction, and by maintaining discipline on the things within our control, we will continue to go the extra mile for our customers.

In our new strategic framework we set clear priorities and ambitions, showing we are committed to sustainable value creation. The well-being and safety of our people and customers will remain to be our priority, and we will continue to support them through this challenging period. Especially now, we believe the financial sector has an important role to play in society, and we look forward to creating long-term value for all those we work with and for – our people, customers, investors, business partners, and the communities we serve – in 2021 and beyond.

Our operating environment



The world around us

There are many different forces in society, from demographic, economic and political developments, to changing regulations. They all affect financial companies and the way we interact and do business. In addition, the Covid-19 pandemic continues to have a significant impact on people, society, businesses and the wider economy.

This is reshaping many industries on a number of dimensions, accelerating digitisation, changing product offerings, prompting a new wave of innovation, and creating a new competitive landscape. In 2020, these factors provided both challenges and opportunities for NN Group. These have been taken on board when we defined our new strategy, which is primarily aimed at creating long-term value for all our stakeholders.

Our operating environment – The world around us

Covid-19

In the beginning of 2020, we were not yet familiar with concepts like 'lockdown' or 'social distancing'. Since then the spread of Covid-19 continues to impact all aspects of life. Health care systems are burdened, and many people are dealing with personal challenges or loss. Economies around the world have been significantly affected, and businesses and their customers had to adjust to changing circumstances.

Due to government support and monetary easing by central banks, many businesses have been supported to some extent. Also, there has been support to customers, business partners and societal organisations from companies and other stakeholders.

Economic developments and outlook

The global pandemic has disrupted business activities worldwide. On the supply side, lockdowns, business closures, and social distancing cause challenges. On the demand side, layoffs and the loss of income reduce household consumption and general investments. In the Netherlands, the economy shrunk by a little over 4%, and in other markets such as Japan and Poland by around 3%.

Impact Covid-19 on NN, including initiatives to support customers and employees



NN responded swiftly to the Covid-19 outbreak with the aim to help ensure the well-being of our colleagues, customers, business partners, and society at large. We were able to do so given our strong starting position. The pandemic has tested our resilience towards business disruption. While some of our businesses were confronted with operational issues in the first two weeks, most of our businesses continued as usual using remote working and digital channels. This required a focus on clear and speedy communications, and considerable adjustments to the IT infrastructure. Employees were given the opportunity to receive facilities such as laptops, monitors, office chairs, etc., to make it possible to work from home adequately.

These activities were coordinated by the central NN Corona Coordination Team (CCT), which was installed to monitor developments, to advise the Management Board, and to support a safe and smooth transformation process. The vast majority of our employees have worked from home since the start of the pandemic. Only a limited number

of staff worked in offices, as some activities needed to be done at NN premises for legal or logistic reasons. Also, employees dealing with specific personal circumstances were allowed to work in the office under strict conditions.

At the same time, the company focused on helping our customers, agents and business partners, and supporting the broader community. In several countries, such as the Czech Republic, we designed a digital sales and client signature process, enabling our sales force to remotely serve customers. Overall, sales processes have moved almost entirely online and we can serve our customers fully digitally.

In this process, we have changed the terms of many of our products to support customers in financial distress. For example, providing extra cover for restaurants that started delivery services and for the hospitality industry. Also, in the Netherlands, we have provided mortgage and consumer loan payment breaks to customers that experience financial difficulties. In Japan, we extended the moratorium period of premium payment for SMEs.

NN also supports the communities in which we operate. For example, by helping our local charitable partner organisations, or by providing laptops to children that do not have the necessary equipment for remote education.

In Romania, we donated funds for ventilators and breathing monitors, vital for treating critically ill patients affected by Covid-19, and in Spain, we offered free protection to healthcare professionals against Covid-19. A full list of initiatives can be found on our [website](#).

In light of our strong financial position, we did not require any government support for paying salaries and other cost, and there was no delay in regulatory filings.

While the impact of Covid-19 on society as a whole is significant, the financial impact on NN Group for 2020 was relatively limited to EUR 53 million.

NN so far has shown to be relatively resilient to financial markets volatility, mainly due to our conservative investment strategy, close matching of assets and liabilities and a strong capital position. We continue to monitor the situation, and will take further measures when necessary. Monitoring includes:

- Ensuring business continuity to allow customers be serviced uninterruptedly and employees to work safely from home
- Assessing volatility and liquidity in financial markets, and to apply stress testing and scenario analysis
- Ensuring that outsourced activities can be performed according to defined services levels and that sales and support networks via brokers and tied agents remain healthy

Our operating environment – The world around us continued

It is generally expected that economic growth will return to pre-pandemic levels in the coming years; growth in Europe will be rising by around 4% in 2021 and in 2022. At the time of closing this Annual Report it is not possible to predict how recovery will precisely take place. Scientific progress, pharmaceutical advances (vaccines), and adjustments in the behaviour of citizens and companies should help keep the virus in check. Policies to support jobs and firms, in place since the beginning of the pandemic, will enable a faster, stronger rebound when restrictions are lifted, as more and more activities restart, limiting the aggregate income loss.

Continuing low interest rates

In 2020, we saw a continuation of the low interest rate environment. While NN Group is relatively well positioned to face this environment, low interest rates affect the sector, and our company, through the balance sheet both on the assets and liabilities side, but also through the income channel. Therefore, we continue to look into possible solutions, such as an accelerated shift to defined contribution pension products in the Netherlands, and a shift towards protection products in general. Where possible, we also seek opportunities to create additional returns on our investments, and NN Bank seeks to lower its funding costs by rate reductions for savings and bank annuities and by optimising its wholesale funding.

(Geo)political developments

Next to Covid-19, macroeconomic uncertainties were driven by different geopolitical developments and governmental instability. Among them, Brexit, economic conflicts between the US, EU and China, and rising nationalism in the EU and in the US. This contributed to increased volatility in financial markets, but the overall impact on NN has been limited.

Customer experience, new technologies and innovation

Notwithstanding the severity of the Covid-19 situation, there are some outcomes that could have a long-term positive impact on the planet and societies. For example, a rejuvenated sense of community, or unprecedent levels of innovation. Due to lockdowns, many businesses have had to reinvent themselves and have undergone rapid digitalisation. Companies and individuals have quickly adapted to virtual tools to carry out activities that were previously face-to-face.

Technology, digitalisation, the shift to a platform economy and the use of data have a growing impact on our customers' everyday lives and expectations. For NN, this has been a major factor in the development of our new strategy. As we want to offer tailored solutions and excellent experiences for customers, we need to leverage our data and digital capabilities. To achieve this, we want to radically simplify our technology and operations. This will make our processes more customer-friendly, agile and efficient, which is particularly helpful in our banking and Non-life businesses in the Netherlands, and in the markets where we offer protection products in Europe and Japan. This transformation goes hand in hand with great care around customer data and privacy and continued investment in cybersecurity.

Trends in labour markets

To prevent the spread of Covid-19 and to ensure distancing of people, businesses and companies have been temporarily shut down and many employed people are confined to their homes. Labour markets have been strongly affected, for example by people losing their employment, cancellation of the hiring of new staff, or self-employed people with reduced working hours. This requires a lot of flexibility and adaptability from the workforce, and it is expected to have a lasting impact on the future way of working. For NN, this is an important area of focus in determining our human resources policies going forward (see page 29). Furthermore, changing customer behaviour and tech developments also require different skills from employees, such as IT and data analytics, as well as new ways of collaborating or managing teams. Therefore, at NN, we are investing in training and developing our colleagues, recruiting people with new skills, and strategically thinking about the well-being and needs of our workforce in the long term.

Transition towards a sustainable economy

Climate change has an increasing impact on the financial sector. Organisations are assessed on different aspects, such as financial performance, their market reputation, the quality of their products, and increasingly by their impact on society at large. Not only are citizens and businesses looking for products and services that suit their specific needs, they also expect companies to act responsibly and play their part. The pandemic has proven the viability of the environmental, social and governance (ESG) agenda for companies, investors and other stakeholders. It has specifically

elevated the significance of social and environmental factors in the long term. NN has a track record of integrating ESG factors into its investment and underwriting processes. We also use our influence to support the transition to a sustainable economy and green recovery by engaging with governments and the companies in which we invest, and by offering clients sustainable finance solutions.

Regulatory developments

Towards the end of 2020, the European supervisory body EIOPA issued an opinion to the European Commission (EC) on the Solvency II framework that the EC will use as input when it drafts a legislative proposal in 2021. This will then be discussed with the European Council and European Parliament in the coming years. The resulting legislation is currently expected to be implemented at the earliest in 2024. Based on the EIOPA Opinion and prevailing market conditions at the time of the publication, the net impact from the proposed changes to the risk-free curve extrapolation and risk margin calculation on NN Group's Solvency II ratio at the expected implementation date is expected to be manageable.

Numerous other regulatory developments also have a large impact on the financial sector and our business model. Noteworthy are pension reforms in the Netherlands and a number of Eastern European countries, particularly Poland. We follow these developments closely and proactively analyse the impact on our business.

Furthermore, new regulations have been introduced concerning sustainability that NN supports. The EU Action Plan on Sustainable Finance, including the EU Taxonomy, is aimed at creating a greener and more sustainable economy; related regulations, such as the Sustainable Finance Disclosure Regulation and the Non-Financial Reporting Directive strive for greater transparency on sustainability risks and opportunities.

Our operating environment – Determining material topics

Determining material topics

NN conducts a regular review of its operating environment to identify topics that are considered to be material to our company. That is, those topics that potentially have the most impact – be it a risk or an opportunity – on our business and stakeholders, and where we could create the most value.

We use this process as valuable input for the development of our strategy and our risk management, and it also helps us to identify focus areas for our reporting.

Methodologically, a long list of some 100 topics was compiled, based on an analysis of internal and external sources. From this list, a shortlist of 15 topics was created, using three main criteria: the impact of the topic on NN Group and/or our different stakeholders, the likelihood, and the impact within the key markets where NN is active. These criteria were applied with a timeframe in mind of the coming 12 months.

Compared with 2019, certain topics clearly linked to Covid-19 pandemic entered the shortlist, such as 'Operating during lockdowns' and 'Financial hardship'.

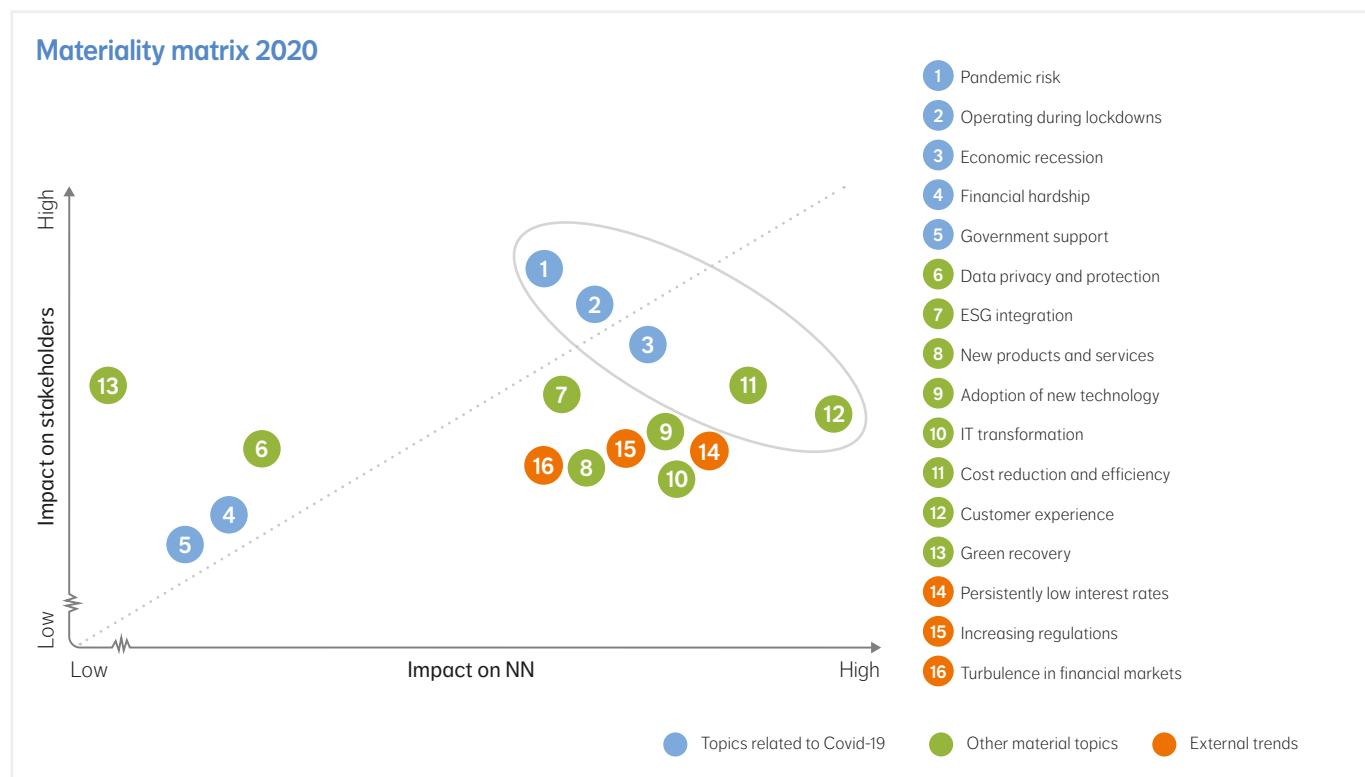
The outcomes of the list were discussed in NN Group's Purpose Council, which advised adding the topic of 'Increasing regulation'.

Through an online survey, stakeholders (including customers, employees, investors, regulators, business partners and societal organisations) were asked to rank the shortlisted topics in order of their impact on their circumstances (y-axis), while NN Group's senior management (Management Board and direct reports) ranked the topics in order of the impact on NN Group (x-axis).

The results presented in the matrix below show that the topics considered as most important (upper right) are Pandemic risk, Operating during lockdowns, Economic recession, Cost reduction & efficiency and Customer experience. Furthermore, we align with our stakeholders on topics, such as ESG integration, Data privacy & protection and Financial hardship.

Through an open question in the survey, stakeholders responded that they missed employee-related topics and climate change risk on the shortlist. We will therefore continuously assess the developments in our operating environment, and strive to address these material topics in our decisions, strategic choices, and business activities.

The results of the assessment were presented to the Management Board for discussion and approval. The Supervisory Board approved the materiality matrix as part of the Annual Review approval process.

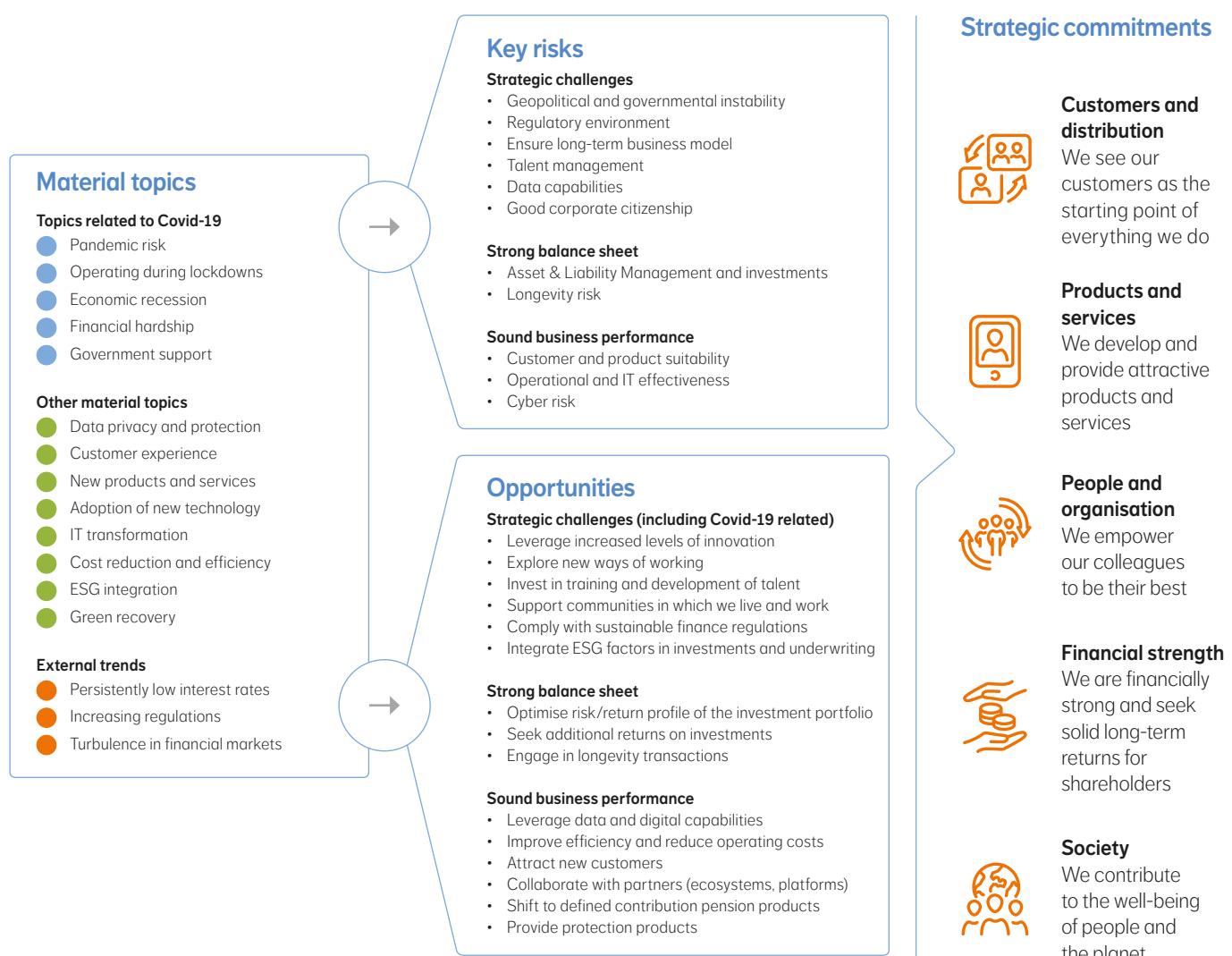


Our operating environment – Risks and opportunities

Risks and opportunities

The environment that we operate in, together with the material topics identified by our stakeholders, provide both risks and opportunities to our business model and strategic objectives.

The successful execution of our strategic objectives crucially depends on the strength of our risk management. We regularly identify key risks and determine our risk appetite, covering three main areas: strategic challenges, strong balance sheet, and sound business performance. Pages 57-60 elaborate on NN's risk management.



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NN Group maintains a balanced risk profile in accordance with the long-term nature of our business model

Bernhard Kaufmann
Chief Risk Officer



Our strategy

NN Group's strategic priorities

At NN, we want to create long-term value for all our stakeholders. The world around us changes rapidly, and so do we, focusing on adapting and evolving as a company. Our new strategy was launched in June 2020. It sets out what we want for NN, and how we will achieve our goals through our shared purpose, our ambition and our five strategic commitments.

For more than 175 years, our company has merged, grown and changed, but the core of who we are has remained unchanged. At NN, we put our resources, expertise and networks to use for the well-being of our customers, the advancement of our communities, the preservation of our planet, and the promotion of a stable, inclusive and sustainable economy. Our purpose is to help people care for what matters most to them. We do so guided by our values care, clear, commit, and our brand promise You matter.

Our strategy – NN Group's strategic priorities

Solid foundation

Our company's foundation is solid. We are focused on our customers and colleagues, we are financially disciplined, and we have the ability to invest in innovative business initiatives and customer solutions. We have a strong balance sheet, a diverse set of businesses, a leading position in the Dutch market, a unique in-house distribution network in European markets and proven bancassurance capabilities. We have a proven track record on delivering on our group targets and executing complex integrations. We have also demonstrated that we are disciplined when it comes to capital deployment and portfolio management.

The need for change

The world in which we operate has changed in the past years. Technology, digitalisation, the shift to a platform economy and the use of data are all having a growing impact on our everyday lives. Customer expectations are evolving too. People expect a faster, transparent, more direct and more personalised experience, with tailored products and services offered by companies that act responsibly. Like other players in the sector, we are facing economic and political uncertainty, persistently low interest rates, pressure on our margins, and the impacts of climate change.

To maintain our strong position and remain relevant to all our stakeholders, we need to anticipate and continue developing sustainable solutions for our customers. We need to continuously increase our speed, adjust our business models and optimise our processes. To remain at the forefront, we need to make sure that we are able to outperform new and different kinds of competition, and enhance customer experience and engagement.

Consulting with stakeholders

In the run-up to the presentation of our new strategy in June 2020, we consulted many different stakeholder groups, ranging from shareholders to employees, consumers, societal organisations and regulatory authorities. We took their observations on board in developing the final strategic priorities. In the process, colleagues were involved in developing various parts of the plan, also making sure the direction was supported within the company.

In our engagement with shareholders, we sharpened our investor proposition, by further explaining our limited interest rate sensitivity, creating more transparency on our decision-making around capital returns, and setting a longer-term guidance of mid-single digit growth in operating capital generation, which underpins the opportunities we see in our markets.

Delivered on financial targets

Looking back, we delivered on all the Group medium-term financial targets set in 2017, which included EUR 400 million cost reductions by the end of 2020; annual earnings growth of 5-7%; and the generation of free cash available to shareholders in a range around net operating result. At the same time, we aim to keep improving the performance of our underlying businesses. NN Bank aims to originate high-quality mortgages and to broaden its retail offering. The Dutch insurance businesses are performing well, while NN IP is operating in a challenging environment. Our international insurance businesses have shown strong performance, notwithstanding the headwinds they faced from pension reforms in Europe and tax reforms in Japan.

Our approach



For the distribution of our products and services to our customers, we have traditionally mainly interacted with customers via brokers, agents, banks, and emerging platforms. Our overall plan is to move more to the forefront: engaging with customers more frequently and more proactively, with solutions that meet their real needs. To help people care for what matters most to them at all times and at all stages of the customer life cycle. By using our data and customer analytics capabilities, and offering a combination of solutions that fit their needs. We will do so via our agent and distribution channels, and by being an active participant on platforms, for example around Carefree Retirement, helping customers shape their life after retirement.

Our contact with customers will not only involve selling our own products and services, but also those from other companies via our platforms.

We believe these changes will drive long-term value creation. Customer engagement, a leading brand and strong distribution create trust and relevance, which in turn attracts customers, improves retention, and increases margins and cross-sell opportunities. Investments in data and digital capabilities lead to efficiencies, smarter pricing and more effective underwriting.

Our strategy – NN Group's strategic priorities continued

Key drivers for future value creation

Our strategy is underpinned by a number of key beliefs:

- The main driver for future value creation is more direct contact and a stronger relationship with our customers through innovative and tailored products and services that address real customer needs
- People, data and technology are crucial to offer the right solutions to our customers, and improve our process efficiency and underwriting capabilities, and remain price competitive
- In our daily activities we seek to create long-term value for all our stakeholders
- For us, being a responsible corporate citizen means making well-balanced decisions, as we know that the choices we make today impact our world of tomorrow

Strategic framework

At NN, we help people care for what matters most to them. That is our **purpose** – the reason we exist as a company. Our purpose reflects the kind of company we aspire to be: one that delivers long-term value for our stakeholders. In this, we are guided by our values care, clear, commit, and by our brand promise You matter.

Our **ambition** is the future we envision for our company; what we want to achieve in the coming years. We want to be an industry leader, known for our customer engagement, talented people and contribution to society. All parts of our business contribute to the delivery of our ambition.

Our strategic commitments

Together, our purpose, ambition and strategic commitments reflect why we exist as a company, what we want to achieve, and how. This means a change in our focus and approach, with key initiatives for each of the strategic commitments.

Monitoring and measuring progress

To monitor and measure progress, we set objectives for each of the strategic commitments, including financial and non-financial KPIs and targets (see pages 14 and 15). The targets are set for 2023 and reflect that we are a stakeholder-driven company.

Our purpose

We help people care for what matters most to them

Our ambition

We want to be an industry leader, known for our customer engagement, talented people, and contribution to society

Our values



Care



Clear



Commit

Our brand promise

You matter

Our strategic commitments



Customers and distribution

We see our customers as the starting point of everything we do



Products and services

We develop and provide attractive products and services



People and organisation

We empower our colleagues to be their best



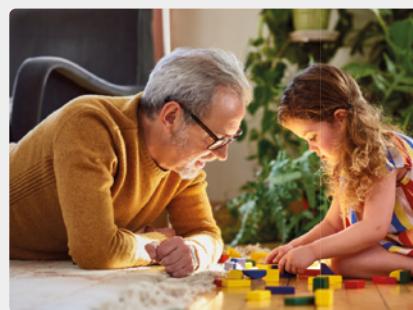
Financial strength

We are financially strong and seek solid long-term returns for shareholders



Society

We contribute to the well-being of people and the planet



Our strategy – NN Group's strategic priorities continued

Our strategic commitments and targets



Customers and distribution

We see our customers as the starting point of everything we do.

We engage with our customers to meet their real needs and to offer solutions that create long-term value. We use our digital capabilities and leverage our strong distribution footprint to further enhance our customer experience.

Key initiatives

- Build platforms to enhance customer engagement
- Create customer experiences where digital, broker and tied agent channels reinforce each other
- Leverage local presence and partnerships
- Drive customer interaction through NN Bank
- Maintain a strong and relevant brand

Measuring our progress

We aim for all our (11) insurance business units to score an above market average Net Promoter Score (NPS)

Target for 2023

Performance 2020

All above market average

4/11

Performance 2019
4/11

To increase our brand consideration to 28%

Target for 2023

Performance 2020

28%

21%

Performance 2019
25%

[Read more on pages 24-28](#)



Products and services

We develop and provide attractive products and services.

We excel in developing and providing attractive products and services, and operate with efficiency, agility and speed. To continue to do so, we will make use of digital and data capabilities.

Key initiatives

- Leverage and further build data and digital capabilities to improve our offering to customers
- Become the best product provider to partners
- Develop products where we have excellent capabilities

Measuring our progress

We are in the process of further refining key performance indicators in this area, for the different NN business units. Below KPIs have been set in qualitative terms.

- Netherlands Life: growth in Defined Contribution AuM
- Netherlands Non-life: expand data and underwriting capabilities, and leverage on additional scale of VIVAT Non-life
- Insurance Europe: continue shift to protection products and invest in main banking partnerships
- Japan Life: continued focus on COLI protection and adapt product offering to new tax regime
- NN IP: top quartile investment performance
- Banking: expand retail product offering

[Read more on pages 24-28](#)



People and organisation

We empower our colleagues to be their best.

We nurture a culture aligned with our purpose, values and ambitions, which supports continuous learning, collaboration and diversity of thinking. We consider all colleagues to be talents, and invest in an inclusive and inspiring environment, so we are together best equipped to take our business into the future.

Key initiatives

- Together shape the NN culture
- Embrace diversity and inclusion
- Invest in (future) skills and capabilities
- Streamline our operating model to eliminate inefficiencies and remove barriers

Measuring our progress

We strive for our employee engagement to be at least 7.8

Target for 2023

Performance 2020

≥7.8

7.9

Performance 2019
7.4

To grow staff diversity, for example by having at least 40% women in senior management positions

Target for 2023

Performance 2020

≥40%

33%

Performance 2019
36%

[Read more on pages 29-31 and 43-45](#)

Our strategy – NN Group's strategic priorities continued



Financial strength

We are financially strong and seek solid long-term returns for shareholders.

We maintain a strong balance sheet and create solid financial returns for shareholders by using our financial strength, scale and international footprint, and by efficiently managing our customers' assets and our own insurance portfolios.

Key initiatives

- Maintain strong balance sheet and create solid financial returns
- Realise further efficiencies
- Leverage scale benefits of Dutch life and pensions business
- Reshape our existing insurance business in Belgium
- Disciplined capital allocation
- Attractive capital returns for shareholders



Society

We contribute to the well-being of people and the planet.

We do business with the future in mind and contribute to a world where people can thrive for many generations to come.

Key initiatives

- Pursue long-term value creation for all our stakeholders in our daily activities
- Support our customers with solutions that help them address societal challenges
- Accelerate the transition to a low-carbon economy through our investments
- Build better and stronger communities
- Reduce our direct CO₂ emissions
- Actively engage with our stakeholders
- Contribute to the Sustainable Development Goals

Measuring our progress

We are committed to ensuring resilient and growing long-term capital generation, with a target for operating capital generation (OCG) of EUR 1.5 billion

Target for 2023

**EUR
1.5bn**

Performance 2020

**EUR
993m**
Performance 2019
EUR
1,349m

We are also committed to grow free cash flow (FCF) in a range around OCG over time

Measuring our progress

We aim to increase ESG-integration in our Assets under Management to 80%

Target for 2023

80%

Performance 2020

74%

Performance 2019
68%

We will accelerate the transition to a low-carbon economy by targeting a net-zero carbon proprietary investment portfolio by 2050

We have pledged to contribute 1% of our (three-year average) operating result to our communities, including cash donations and hours of volunteering

Target for 2023

1%

Performance 2020¹

**EUR
4.7m**

Performance 2019
EUR 3.2m

Read more on pages 32-35

Read more on pages 36-42 and 48-53

¹ Hours of volunteering to be included as of 2021.

Our strategy – Netherlands

Keeping eyes on the horizon in the midst of the storm



“

We can be proud of how we are showing resilience during the pandemic

Tjeerd Bosklopper

CEO Netherlands Non-life, Banking & Technology



“

We have a lot of knowledge and talent, we remain self-critical about our execution speed

Leon van Riet

CEO Netherlands Life & Pensions

Leadership Dutch businesses

As of 1 June 2020, the responsibilities for the Dutch businesses in the Management Board were divided into two portfolios. Tjeerd Bosklopper, already a member of the Management Board, is responsible for the Dutch activities in the area of Non-life, Banking & Technology.

Leon van Riet, previously CEO Netherlands Non-life, was appointed to the Management Board and is responsible for the Dutch Life & Pension activities.

Obviously 2020 was an extraordinary year, can you mention the highlights?

Tjeerd: We can be proud of how we are showing resilience during the pandemic. In 2020, we took successful steps to enable our people to work from home, and it was amazing to see how quickly we all adjusted. We even welcomed and onboarded our new VIVAT colleagues digitally. This very much helped to ensure an uninterrupted service to our customers and partners. We offered customers payment breaks or broadened coverage. That way, for instance, restaurant owners could safely provide takeaway services to their clients. The financial impact on us was mixed, ranging from an increase in disability claims, and claims related to cancellation of events, to fewer traffic accidents and burglaries. Loan loss provisions were low due to ongoing low unemployment driven by strong government support.

Leon: What stands out for me is the engagement and spirit of our colleagues to get the job done. Even though the circumstances were challenging, we reached important milestones. We have finished the integration of the Delta Lloyd activities. This all on top of the unchanged focus on transformation and innovation. One of the great examples is the introduction of the 'Persoonlijk Pensioen Plan' in July.

Another major milestone was composed of the transactions we did with reinsurance companies, to transfer the full longevity risk associated with EUR 13.5 billion of our pension liabilities. This significantly reduces our exposure to longevity risk, optimises our capital structure, and further strengthens our balance sheet.

In a particularly demanding year for everyone, what were the biggest challenges for your businesses?

Tjeerd: We worked hard on our strategic commitment to improve the quality and frequency of our engagement with customers, and to become more visible in people's day-to-day lives. One important way we are doing this is by making real advancements in our data and customer analytics capabilities. And at the same time, we also had to complete operational integrations. Balancing these two priorities has been challenging, although in the end both reinforce each other.

Leon: While we have a lot of knowledge and talent, we remain self-critical about our execution speed and risk management controls. Comprehensive risk management processes can at times be a bit at odds with testing and piloting innovative ideas. Yet we want to remain agile, for example regarding the

Our strategy – Netherlands continued

recent Dutch Pension Agreement (expected to come into effect early 2022), and therefore we need to continue to focus on more collaboration and quicker decision-making.

How is the Life & Pensions business in the Netherlands showing progress?

Leon: We have a strong focus on actively managing the in-force portfolio, which means optimising financial returns on our balance sheet and realising further efficiencies in line with the portfolio run-off. Throughout the year, we accelerated the shift to higher-yielding assets by making additional investments in mortgages, loans and real estate. We are working hard on simplifying our processes, while at the same time, focusing on investing in data, innovation and product development. Meanwhile, we keep working on gradually improving our customer satisfaction and have set ourselves a target to score above market average on Net Promoter Score (NPS) by 2023.

Consolidation in the individual life market further intensified, with new players emerging. Changing regulations present both challenges and opportunities. The Dutch Pension Agreement, announced in 2020, will lead to major changes for our pension business, including eventually phasing out Defined Benefit products, which will be quite a task.

What have been the main developments for Non-life in the Netherlands?

Tjeerd: We were able to structurally improve our combined ratio, which is a solid accomplishment. A landmark for us was the acquisition of VIVAT Non-life, and we are now the leading player in the Dutch Non-life insurance market. This market faces strong competition, and it is important to work closely with our business partners. We have been looking for new ways of doing business, by partnering with newcomers such as Insify, who target new markets and audiences using digital capabilities and data. This is very much part of the future we have in mind, where we offer customer solutions specified to their needs.

What were the highlights for Bank?

Tjeerd: In a competitive housing market in the Netherlands, we again achieved strong mortgage origination this year, a very important priority for us. And, we are broadening our business model, for example with the mortgages of the Woonnu initiative which rewards sustainable living, or by generating more fee business through external institutional investors.

Financial performance (in EUR million)

	2020	2019
Netherlands Life		
Operating capital generation	642	770
Operating result	994	922
Solvency II ratio	220%	213%
New sales (APE)	219	480
Value of new business (VNB)	8	9
Netherlands Non-life		
Operating capital generation	76	132
Operating result	215	203
Combined ratio	95.3%	95.4%
– of which claims	67.0%	67.4%
– of which expenses	28.4%	27.9%
Banking		
Operating capital generation ¹	0	82
Operating result	154	152
Core Tier 1 ratio	17.4%	15.7%
Net operating RoE	13.8%	15.0%

1 OCG of EUR 0 million is due to the suspension of dividend payments in 2020 in accordance with the recommendations of the Dutch regulator.

NN Bank focuses on customer engagement, digitalisation and using data. The European payment rules (PSD2) came into force in 2019, and this allows customers to use services from other parties, such as insurers and fintechs, next to the services of their own bank. We acquired a stake in Invers, a company developing smart technology to analyse and deliver financial data. We developed the NOVA app together, which is a digital household book, linked to a customer's payment account, and provides insights in their actual spending. Through our partnership Invers can grow faster and develop more applications, which fosters our customer engagement promise.

How is our business in the Netherlands contributing to our society?

Leon: As a financial services company, we add value to society with our specific expertise and the products and services we offer, so people and companies can protect themselves over the long term. Furthermore, we want to play our part in society by supporting and working with our partners. Our From Debt To Opportunities foundation focuses on projects aimed at improving the financial resilience of people with problematic debts. With our partner JINC we want to offer young people more perspectives on the labour market. This year we encouraged colleagues to reach out to those affected by the Covid-19 pandemic with an online training 'Help with money matters', facilitated by Nibud (National Institute for Family Finance Information). I am proud that close to 350 colleagues participated.

Tjeerd: We also find it important to contribute to the physical and mental health of our colleagues, our customers and the broader society. A specific initiative rolled out in 2020 (in cooperation with Klup) for people over 50 years in the Netherlands, aims to help them achieving a happy and meaningful social existence.

What will be your focus for 2021?

Leon: The focus will be on executing on the strategic priorities we launched in June 2020. This comes down to continuing with our simplification and cost-reduction plans, and improving our operational processes. We will continue to optimise risk returns by managing our longevity risk, and gradually grow our portfolio of higher-yielding, illiquid assets.

Tjeerd: Based on our solid foundation, we will focus a lot more on digitalisation and improving our data and AI capabilities. We will set next steps to increase customer interaction as we want to engage with them in their day-to-day lives. That way we can really help them and address societal needs at the same time.

Our strategy – International Insurance

Supporting our customers through a challenging year



“

The commitment and passion of our employees and agents made a big difference in supporting our customers and responding to the Covid-19 situation

Fabian Rupprecht
CEO International Insurance

Fabian, what made you most proud in 2020?

That is an easy answer... I am proud of how quickly our International Insurance businesses adapted to the Covid-19 situation. To support our customers, we initiated digitally-enabled claims and sales processes, extended the cover for Covid-19 patients, and allowed for payment holidays and policy loans for existing products. We contributed to keeping our colleagues safe by enabling them to work from home, and we supported them in staying fit and healthy. This is also reflected in our employee engagement score which increased to 8.1 from 7.7 at the end of 2019. The commitment and passion of our employees has been impressive, and this really made a difference in responding effectively to the Covid-19 situation.

What were the main business highlights for International?

The main highlight was our uninterrupted support for our customers. Covid-19 made us speed up our digital transformation and introduce new processes. We also saw that, despite many drawbacks, our resilient tied agent force throughout Europe made a major contribution to our overall results, even growing sales compared to 2019. Our tied agents have been able to swiftly adapt to our customers' needs and to new remote sales and service process.

In Poland, the second and third phases of the pension reform took place, requiring companies with 20 to 250 staff to contribute to their employees' long-term savings. Nationale-Nederlanden has signed approximately 5,100 agreements with companies of this size and was recognised as the country's most preferred private pension provider in 2020.

In Belgium, we initiated a programme focusing on strengthening our in-force book, and creating value through various actions including balance sheet optimisation. We are also investing in building future-proof IT systems, and in a product conversion programme to move from traditional savings to unit-linked in employee benefits.

In Japan, we improved our capabilities to support customers in the area of life and critical illness protection. Investing in our underwriting, claims management and pricing capability enabled us to provide an improved customer experience and valuable cover for our Japanese customers. Furthermore, and despite the impact Covid-19 and the tax reform had on the SMEs, we have managed to recover our performance, and the strong sales from the past are now bearing fruit, and result in higher than expected results.

Our strategy – International Insurance continued

Financial performance (in EUR million)

	2020	2019
Insurance Europe		
Operating capital generation	253	251
Operating result	285	283
New sales (APE)	644	674
Value of new business (VNB)	183	204
Japan Life		
Operating capital generation	133	173
Operating result	240	218
New sales (APE)	263	587
Value of new business (VNB)	75	146

How did our partnerships develop in 2020?

Throughout the year, we strengthened and expanded our partnerships, and made our products more widely available. In the Czech Republic, we partnered with Air Bank to sell our pension products through their digital channel and branch network. NN Hungary partnered with Bank360, one of the largest loan aggregators in the country, to promote an income protection insurance. In Greece, sales deriving from our partnership with Piraeus Bank, mostly driven by upgrading our health and term life product propositions, proved very resilient. In our strategic cooperation with ING across six European markets, our strong and successful collaboration delivered a growth overall in the fee income for the bank and we continue to support their digital strategy by deploying modern products on flexible cloud-based platforms.

Can you give some examples of new products NN is offering?

During 2020, we launched several protection and living benefit products. In Poland, we introduced a diabetes insurance as a supplement to life insurance contracts. This is a unique product offering a variety of coverages for healthy people, people with type 1 and 2 diabetes, and those with advanced diabetes. In Spain, we launched a flexible, transparent and guaranteed protection product targeted at the self-employed, which allows customers to pay only for the coverage they need for their professional and personal lives. In the Czech Republic, we introduced a flexible risk product offering a variety of coverages and options, which brings together best practices following the integration of NN and Aegon.

NN Romania and NN Hungary announced their plans to enter the general insurance market. In Romania, we launched a home insurance that contributes to Romanians' financial security and going forward we will continue to invest in further diversifying our protection solutions. In Hungary, we announced plans to introduce home and travel insurance.

How is International contributing to society?

We are proud to have an overarching community investment programme, NN Future Matters, which helps improve young people's financial empowerment and economic opportunities. The NN Future Matters Scholarship gives students who live in challenging financial circumstances, and are first in their family to attend higher education, the opportunity to complete an international Master's programme while living and studying abroad. Since its launch in 2014, the programme has helped 145 young people from different countries providing them with equal opportunities in education.

In 2020, we also focused on supporting our communities during Covid-19 through various initiatives. In Spain, we participated in an insurance industry initiative to offer free protection to healthcare professionals against Covid-19. In the Czech Republic, 150 employees took part in a challenge to support single parent families, lonely seniors and people in senior care homes. Activities such as organising Christmas dinners for over 3,000 senior citizens in 30 retirement homes, providing food and housing assistance to numerous single-parent families were amongst the highlights. In Romania and Slovakia, we donated hundreds of ventilators, breathing monitors and respirators, while in Greece and Turkey, we made donations to support the national health systems' efforts against Covid-19.

What was the biggest challenge for your business in 2020?

Like for many other companies; the Covid-19 situation. The absence of face-to-face contact with customers and between colleagues, the travel bans and the abrupt changes in how we work, were all challenging. However, our colleagues adjusted quickly and ensured we continued to meet customers' needs remotely.

Furthermore, the low interest rates remained a challenge especially for pension and savings customers. We offer a broad and innovative portfolio which includes modern guarantee savings solutions and protection products, attracting new customers to NN and strengthening our offer for existing customers during this uncertain period.

What are the main opportunities for International going forward?

We have a strong commitment of seeing customers as the starting point of everything we do. Our goal is to engage with our customers more frequently around the topics that matter to them. Over the past years, and especially in 2020, we have laid the foundations for how we aim to achieve this. We are convinced that a combination of digital and physical interactions between our strong tied agent network and customers will give us a unique opportunity to create new and special customer experiences. We also believe that through leads, process automation and data analytics, we can build long lasting relationships with customers. In support of this goal we will continue to extend our product range in living benefit and protection products. In addition, we are exploring investing into customer engagement platforms around themes like Carefree Retirement and Self-care, which we consider to be close to our core as NN and also to our customers' hearts.

Our strategy – Asset Management

Driving performance, client connection and responsible investing



“

We strongly believe in inclusion over exclusion and engaging with issuers on themes such as governance, climate change and living wage

Satish Bapat

CEO NN Investment Partners (NN IP)

Satish, what are you most proud of from 2020?

Our clients trust us to manage their assets, and I am really proud to see how we have been able to support them through a challenging year. With our strong digital capabilities we were able to keep connected with our clients and manage portfolios in highly volatile markets. Our 'UpsideDown' series enabled us to bring a variety of expert opinions and provided a platform for dialogue and discussion with our clients. And we were able to continue to provide advice and solutions to our clients, to help them navigate through market volatility and the economic and social impact of Covid-19.

We continued our journey to be one of the leaders in Responsible Investing: integrating ESG factors in over 74% of all assets we manage, increasing engagement with investee companies and votes at shareholder meetings. Covid-19 has only reconfirmed the importance of investing responsibly to work towards a more sustainable world.

And it has been more important than ever to continue to care for our people and for the societies we operate in. In 2020, we took additional steps to support our people, whose commitment and dedication are critical to our success. Vitality programmes, flexibility in work schedules, advice and training was offered to help them cope with long-term remote working in uncertain times. We also maintained collaboration with small- and medium-sized partners, for whom the impact can be greater in this situation.

What are the highlights of your product offering and performance?

Through robust processes and a consistent, adaptive investing approach, we deliver strong risk-adjusted returns to our clients. We have enhanced our performance in specialised equities and fixed income capabilities throughout the year, with our High Dividend equities, Investment Grade and High Yield rising up the peer rankings. Our Patrimonial multi-asset range continued its strong performance and is now within top decile performance.

Our focus on sustainable and impact equities as well as green bonds has proven to be effective. We have consistent performance in all of these capabilities and have seen an increasing demand from clients, as reflected in the inflows we saw in these capabilities. For instance, we recently reached EUR 3 billion Assets under Management in Green Bonds. In 2020, we added the NN (L) Corporate Green Bond fund and three impact equity funds. With our partner China AMC we also launched the China Equity ESG fund, which offers access to mainland China with an ESG overlay.

In the low interest rate environment, our private debt capabilities help clients attain higher yields. Mortgages, which we offer together with partners like NN Bank and Venn Hypotheken and the newly-launched Trade Finance fund, are some examples.

Finally, our upgraded and simplified fiduciary proposition is demonstrating its competitiveness through the various notable new clients who have placed their trust with NN IP.

Our strategy – Asset Management continued

Key performance indicators (in EUR million)

	2020	2019
Operating result	152	161
Assets under Management (AuM in EUR billion)	300	276
• Of which third-party	102	89
Net inflows (in EUR billion)	7	2
• Of which third-party	13.6	-2.8
ESG-integrated AuM	74%	68%
Cost/income ratio (administrative expenses/operating income)	65.2%	63.8%
Fees/average AuM (bps)	15	17

Indeed, clients choose us not only for our products, but our people. How have you progressed as an organisation?

Asset management is a people business, so it's important to attract and retain top talent.

We value diversity of thought and take pride in our diverse organisation: gender diversity, close to 50 nationalities, different educational backgrounds, and a variety of complementary skills.

Engagement is a strong indicator of the commitment of our people. Our engagement score increased from 7.5 in 2019 to 7.8, and we remain focused on staying well connected.

What progress has NN IP made on its efficiency journey?

During 2020, we further simplified our operating model and continued to invest in data and technology. We also continued to leverage on our strong investment platform, outsourcing or decommissioning non-core tools and systems. For instance, we completed the outsourcing of accounting of mandates and institutional clients, regulatory trade reporting and fund reporting. This helps our business to stay efficient and competitive. Going forward, we will continue to invest in the future, by looking for opportunities to strengthen our capabilities.

How does NN IP contribute to wider society?

Responsible Investing is core to our identity. Our goal is to integrate ESG factors into 80% of our Assets under Management by 2023. We are making steady progress, with ESG integration of over 74% in 2020 compared with 68% in 2019. We believe that ESG integration improves risk-adjusted returns in the mid to long term.

In addition, responsible investing is about actively engaging with companies to stimulate them to make a sustainable transition. We strongly believe in inclusion over exclusion and engage on themes such as governance, climate change and living wages.

Finally, we welcome the upcoming regulations in the space of sustainable finance. We are committed to making a difference for the future through our responsible investing practices and believe that regulation will define a common way of assessing sustainable products, which will help create a better, greener future overall.

Going forward, what are the main challenges asset managers are facing?

Although trends suggest a growing need for asset management and related advisory services, asset managers face challenges including rising data and technology costs, increasing regulatory requirements and a downward pressure on fees.

What are your main growth opportunities?

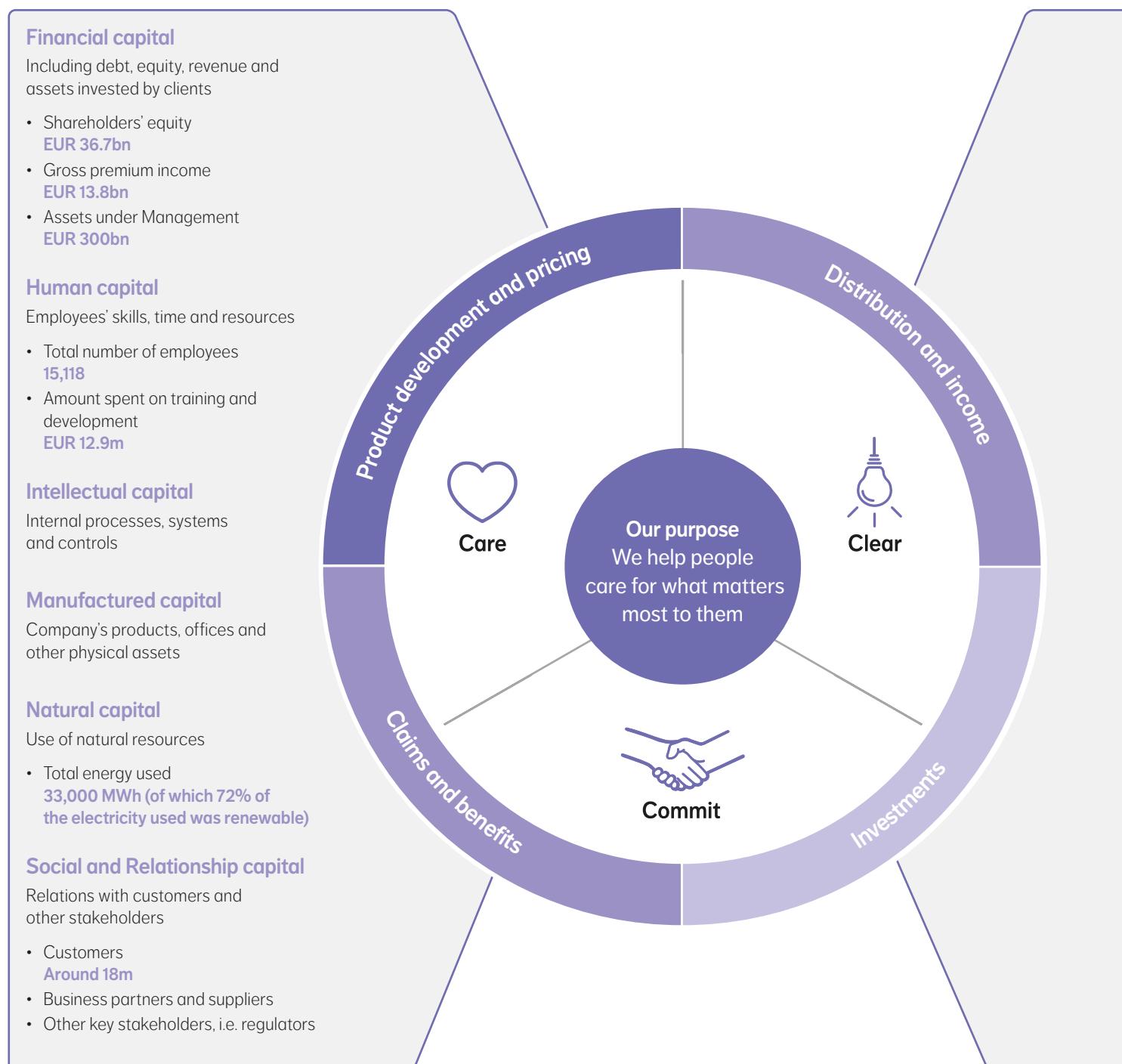
Asset management is a global and scalable business. We see strong growth potential in sustainable capabilities, emerging and private debt capabilities, and solutions, which we will support with consistent investments in technology, our robust processes and an adaptive investing approach. We believe we will grow by bringing the right products and solutions to our clients, combined with access to distribution.

Our strategy – How we create value

How we create value

We aim to create long-term value for our stakeholders. This simplified version of our business model shows how we use the resources ('capitals') in our organisation to create value as a result of our activities or outputs.

Our key inputs



Our strategy – How we create value continued

Our value creation model is based on the framework developed by the International Integrated Reporting Council (IIRC). It is built around 'capitals' – stocks of value that may be either increased or decreased through a company's business activities or outputs. In the way we do business, we see customers as the starting point of everything we do. We develop and

appropriately price financial products and services which meet the needs of our customers through each phase of their lives. We aim to be where our customers want us to be, and distribute our products and services through many channels, including intermediaries, brokers, tied agents, banks and financial advisors, as well as directly online. We receive fees, premiums and

deposits from customers for the products and services provided. We invest this money prudently and responsibly. The returns earned on these investments are used to pay out pensions, claims, other benefits and interest. The remaining capital is deployed for investments in growth initiatives, managing debt and delivering capital returns to our shareholders.

The value we created in 2020

Outputs

Financial capital

Disciplined capital deployment

- Total dividend and interest payments to investors
EUR 783m
- Share buyback programme
EUR 250m
- Investments in acquisitions
EUR 568m
- Solvency II ratio
210%

Human capital

Wages and benefits

- Total wages, benefits and pension contributions
EUR 1.6bn

Inclusive and inspiring working environment

- % women in senior management positions
33%
- Employee engagement score
7.9

Intellectual capital

Availability of services

- % growth of digital retail clients
19%

Proper functioning of controls

- Incidents of fraud, conflicts of interest and unethical behaviour
66

Efficient operating model

- Total cost reductions (since 2016)
EUR 404m
- IT expenses
EUR 311m

Manufactured capital

High-performing products & services

- Brand consideration
21%
- Net Promoter Score
4 out of 11 Business Units scoring above market average

Encouraging innovation

- Number of innovation initiatives
33

Natural capital

Environmental impact from own operations

- Carbon emissions
13 kilotonnes CO₂ - 100% compensated by carbon credits

Environmental impact from investments

- Carbon footprint relating to proprietary investment portfolio
72 tCO₂e/EURm invested

Social and Relationship capital

Returns to customers

- Total claims and benefits paid
EUR 13.7bn

Responsible tax

- Total tax contribution
EUR 2.4m

Positive contribution to society

- % ESG-integrated strategies
74%
- Investments in sustainable and impact strategies
EUR 29.3bn
- Donations to charitable organisations
EUR 4.7m
- Young people reached through NN Future Matters
15,834

Outcome for our stakeholders

Customers

To our customers, we offer peace of mind; our products help protect them, their families, their health and their property. We also safeguard their personal data, provide mortgages and a stable source of income in retirement. Our aim is to offer quick, effective customer service and access to new, innovative financial products.

Employees

To employees, we provide wages and other benefits. We also contribute to their pensions. In addition, we offer skills training and opportunities for career development. We provide an inspiring and inclusive place to work. Our aim is to build an engaged workforce and nurture a culture aligned with our purpose, values and ambition.

Investors

To our investors, we are committed to deliver resilient and growing long-term capital generation. To do so, we maintain a strong balance sheet and create solid financial returns by using our financial strength, scale and international footprint, and by efficiently managing our customers' assets and our own insurance portfolios.

Society

We contribute to the well-being of people and the planet. We take a long-term and a responsible approach to investments, working to minimise their impact on the environment. We also support the economy through taxes and payments to intermediaries and other business partners. Through donations and volunteering, we are actively involved in local communities.

Creating value for our stakeholders



Adding value for customers

Our customers are the starting point of everything we do. We help people care for what matters most to them by being there for them at each of the key moments in their personal and professional lives. We do this in good times and bad times, shouldering the risks they cannot bear alone.

Being there for customers means providing solutions that create long-term value, and developing products and services that meet their real needs through each phase of their lives.

For young adults leaving home for the first time to study or travel, we offer relevant liability and travel insurance. For young professionals renting a first home, or starting out on their careers, increasingly often as freelancers with all the uncertainties that can bring, we offer income and legal protection insurance, consumer loans, and savings and investment solutions.

As our customers enter middle age, their financial burdens and risks tend to multiply. They get married, have children, buy a house, get fired or divorced, start their own business or buy a holiday home. Unfortunately the chances of serious illness also grow. For each of these momentous events, we are there – with mortgages and retirement plans, investment advice, home or corporate liability insurance. Offering innovative products that reflect the changing world in which our customers live.

And finally, as people face retirement our commitment to creating long-term value becomes even more vital. We want to support them in having a happy and meaningful life. Whether it is a pension, help in finding ways to stay socially active, or an investment strategy with an eye on their grandchildren's future.

Creating value – Customers

Key performance indicators Customers and distribution

- Customer engagement (NPS): All insurance business units scoring above market average NPS by 2023 **2020:** 4 out of 11 business units
- Brand consideration¹: 28% by 2023 **2020:** 21%

¹ Measured by GBHM (Global Brand Health Monitor).

Key performance indicators Products and services

We are in the process of further refining key performance indicators in this area, for the different NN business units. Below KPIs have been set in qualitative terms.

- Netherlands Life: Growth in Defined Contributions AuM
- Netherlands Non-life: Expand data and underwriting capabilities, and leverage on additional scale of VIVAT Non-life
- Insurance Europe: Continue shift to protection products and invest in main banking partnerships
- Japan Life: Continued focus on COLI protection and adapt product offering to new tax regime
- NN Investment Partners: Top quartile investment performance
- Banking: Expand retail product offering

Knowing and learning what our customers want

We engage with our customers to ensure our products and services are relevant to them, and invest considerable resources in Customer and User Experience capabilities to get better insights into what they exactly want before we build it. For example, Booster, NN's own innovation expertise centre, helps colleagues develop successful products and services by applying the NN Innovation Method in order to challenge on customer engagement, and by continuously validating and experimenting with potential customers and partners.

In the Netherlands we are investing in User Research and User Experience capabilities to ensure that our digital solutions work in practice.

Through our distribution network we learn from our partners and colleagues for what kind of issues customers need solutions. For example, at NN Investment Partners (NN IP), we expand our global client servicing platform with a client portal so we can offer asset management clients the dual benefits of a digital and personal experience, and more customised solutions. Since we have more frequent and higher-quality interaction with them, we continue to learn more about their needs and can finetune our solutions accordingly.

Improving the customer experience

To ensure we are there where our customers want us to be, we try to offer them the choice to interact with NN through digital channels, brokers and/or our tied agent network in Europe. By smart use of data & AI insights, we also try to ensure customers can access products and services in the ways that suit them best.

We are regularly entering new partnerships and strengthening existing ones. For example, the acquisition of VIVAT Non-life includes the Volksbank Non-life distribution agreement. This creates a valuable additional bancassurance distribution channel in the Netherlands, where we now have distribution arrangements with almost all large banks. NN Belgium Life partnered with one of the most prominent brokers in Belgium, Wilink, strengthening our distribution in the retail and self-employed broker segments. While in the Czech Republic, we have partnered with Air Bank to sell and service our pension products through their digital channels and branch network.

Being there, in good times and bad times

Being there for customers means providing solutions that create long-term value, and developing products and services that meet their real needs through each phase of their lives.



For young adults

- Leaving home for the first time
- Travel insurance

Living on your own

 - Home insurance (furniture)
 - Personal loan



Young professionals

- Starting a career
- Term life insurance
 - P&C insurance

First home

 - Savings solutions
 - Mortgage



Middle age

- Daily life
- Car insurance
 - Home insurance (building)

Thinking about the future

 - Term life insurance
 - Retail investment



Retirement

- Daily life
- Health care insurance
 - Legal insurance

Pension

 - Immediate (bank) annuities
 - Term deposits

Creating value – Customers continued

Developing new customer engagement platforms

In the digital age, value for customers can be added by improving access to services. That is why we are always looking at developing new customer engagement platforms. These can be platforms developed in-house, platforms that we set-up together with partners or we join a platform owned by a partner.

A platform can help us find new ways to sell or improve our traditional (insurance) products. Recent examples are:

- **Brickler** – an algorithm-driven peer-to-peer platform that directly connects house sellers and buyers, offering third-party services for each step in the selling process to reduce costs for both parties.
- **Insify** – a fully digital insurance platform that lets small businesses arrange their own insurance anytime, anywhere.
- **Invers** – NN has bought a stake in this ‘fintech enabler’ that develops smart technology to analyse and deliver financial data to Financials. As NN Bank becomes more top-of-mind and relevant to customers, the number of frequent-interaction, deep-engagement relationships it has with those customers will grow. Invers can provide data-driven insights that will help understand customers’ needs. This enables us to develop new propositions, such as the NOVA financial planning app that NN Bank created in collaboration with Invers.
- **Powerly** – supports people with tailored advice on making their homes energy-efficient. For example, by installing solar panels or a heat pump.
- **Cowboy** – together with insuretech Qover, NN has set up a bike insurance product which is sold through various channels, both online and offline. Our insurance is now sold via several partners, like Cowboy, Decathlon, Angell Bike in the Netherlands, Belgium, Germany and France.

For business clients, an engagement platform will serve as an ecosystem of relevant content and services:

- **HCS** – in the Netherlands HCS is a one-stop provider for employers and employees that brings together services over the full employability chain. New well-being services and a platform are being developed to support employees of SMEs in their mental and physical well-being and to support employers in increasing employee engagement and productivity.
- **Cyberwacht** – offers an emergency hotline to help SMEs or freelancers who have been hacked minimise the impact.
- **Kokotomo** – this platform was launched in Japan and is specifically tailored for the partners of SME owners whose spouses have passed away. The platform helps them connect with each other during their grieving period and also provides support in the takeover and running of the family business.
- **Kagyo Aid** – a Japanese platform where SME owners’ children can interlink and assist each other in preparing for a successful business takeover from their parents.

Moreover, we are developing and piloting retail engagement platforms that centre on key themes such as Carefree Retirement and Self-care:

- **Zorggenoot** – a network of local experts who help find, arrange and finance informal elderly homecare. A pilot is currently running in partnership with Dutch health insurer CZ.
- **Kwiek** – a platform that helps people aged 65+ finding a job, thereby also seeking solutions for social problems around retirement such as loneliness.
- **Klup** – a social platform start-up for active people aged 50+ that NN has invested in. The platform aims to prepare for a carefree retirement, not just financially, but also by being socially engaged and staying (mentally) healthy.
- **Self-care** – colleagues in Poland and Turkey are working on building a customer engagement platform focused on selfcare services. This will empower people to look after their family’s health by providing access to digital health services, making seeing a doctor easier and quicker, and building healthy habits.

Providing relevant new products

A good example is Hello Mobility, a fleet management solution launched in 2019 in the Netherlands which was significantly scaled up in 2020. It provides personalised, data-driven tips on driving behaviour and accident avoidance for truck drivers, and an online dashboard for the business showing key fleet-wide metrics. This benefits both the business (lower fuel bills and insurance premiums), society (fewer road accidents) and the planet (lower CO₂ emissions).

In Turkey, we introduced Return of Premium, a long-term life protection product with a partial premium return to the insured person at maturity. And in Poland, NN and ING launched ‘two-wheeler insurance’ for e-bike, bicycle and scooter users in response to a real need for this coverage, as bike usage is rising.

Educating and powering customers

To become a genuine thought leader, NN needs to find distinctive ways to address trends within society. We do this in four ways:

- Participate in public debate. For example, our involvement in the high-level discussion around pensions that has been taking place in recent years in various countries where NN operates, including the Netherlands, Romania and Poland.
- Collaborate with research institutes to develop relevant, high-quality content. For example, recent research carried out with market research agency Kien Onderzoek into Dutch workers’ awareness and expectations regarding the new Pension Agreement.
- Provide trend analyses and insights, for example through our Dutch Pension TV YouTube channel.
- Help customers cope with today and tomorrow’s societal issues (see Klup, Kwiek and Zorggenoot). Or through the ‘Pension Help’ service of NN Life & Pensions for customers approaching pension age.

Creating value – Customers continued

Helping customers address societal challenges

As part of this wider engagement with the communities in which NN operates, we strive to develop products and services that support our customers while also helping them address wider societal issues. A good example is our launching of Woonnu and Powerly (see previous page) in the Netherlands in 2020.

Woonnu is a mortgage label launched by NN as part of our commitment to the Paris Climate Agreement. Woonnu incentivises sustainable living, for example by linking your interest rate to your home's energy label. It also integrates sustainability and renovation advice into the mortgage application process.

Supporting specific groups in society

A core part of our strategy is that we want to contribute to an inclusive society. The following initiatives show how we have tried to achieve that in different countries in 2020.

In Spain, we launched Contigo Autónomo to help the self-employed, a group particularly hard hit by the Covid-19 pandemic, protect themselves from the negative impact of work incapacity due to illness or injury. This flexible insurance product offers a payment sufficient to support their family and business, plus relevant extra services such as physiotherapy, and legal and technological support.

In Japan, NN was the first life insurance company to initiate policy loans at zero interest to support clients during the Covid-19 pandemic.

In Greece, the maximum age-at-entry for hospitalisation products is almost without exception 65. NN Hellas offers NN Hospital for All, an innovative product offering hospitalisation and outpatient coverage to people aged between 16 to 80 and covering even those considered 'non-insurable' due to their medical history. In response to social distancing, we developed a digital service for our tied agents, so clients can be serviced remotely.

Improving our systems and digital capabilities

We want to offer customers solutions that will meet their needs today and in the future. We are therefore streamlining our portfolio. Phasing out old products and legacy systems, and focusing on products and services that are truly relevant to customers. Thereafter we will continuously finetune these solutions to reflect the evolving needs of customers and society. So, for example, when the Delta Lloyd mortgage portfolio was migrated to NN systems some 25 mortgage products were combined into one new NN product.

NN Life has improved several processes for pension-participants, by making them digitally available. Pensioners can now make choices regarding their pension payments and partner pensions via a digital form at mijn.nn instead of filling in a paper response form.

Every aspect of our products and services portfolio must also be supported by robust, futureproof technology and systems. So we are working hard to simplify our systems wherever necessary. In 2020, NN Belgium Life completed the migration to a target retail protection platform for brokers and decommissioned the legacy system making its operations more efficient. Similarly, various legacy issues were addressed within Non-life and we successfully carried out a number of other important platform migrations, including ATOS's Virtual Desktop Infrastructure (VDI).

Enhancing digital capabilities to serve customers better

To optimise the customer experience, we are continually enhancing our digital capabilities. We use leads, process automation and data analytics to ensure an ongoing interaction with customers, which gives us a clearer idea of the personalised solutions they require and build lasting relationships with them. As an example, we are introducing speech-to-text mining in our call centres to better understand customer needs in an automated way.

Also in 2020, international market research agency Living Group ranked NN IP in the top 10 asset managers for excellent digital experience. NN IP has found new ways to connect with clients and potential clients in a digital environment, for example through its social media channels, thought leadership digital events and Market Talk podcast series.

Data science capabilities

Financial services today depend heavily on data science and artificial intelligence (AI) to make product offerings faster, more precise and more effective.

For some years now, NN's Advanced Analytics Competence Centre has been building data science capabilities and we are now onboarding more data scientists closer to the business. We have also developed an extensive data and AI literacy programme. We have trained more than 700 employees through our e-learning programme. The course focused on how to use data science to address key areas like improving the customer experience and lowering costs.

In 2020, we trained a first group of Business Translators, whose role will be to bridge the gap between the business and data science teams. This implies working with managers on strategic goals, and bringing business use cases to the data science teams. The aim is to address a large range of activities, from email automation and speech-to-text call analytics, to core activities such as pricing and underwriting.

Creating value – Customers continued

Our brand

Having a strong, well-known brand reassures our customers of the quality of our offering, and enhances our credibility with our industry and the marketplace as a whole. As we build brand credibility, we also build recognition, loyalty and competitiveness. Moreover, we believe customers engage with companies they like, know and trust, and a strong brand helps in this process.

How customers view our products and services

Through customer feedback we learn about their preferences and views, helping us modify our services to meet their needs. We focus on several key metrics. All these key metrics are combined in what we refer to as the Global Brand Health Monitor (GBHM). The GBHM is used to track how our brand is perceived externally, and to gain insights into brand performance and development over time.

Net Promoter Score

One of the key metrics in the GBHM is the internationally recognised Net Promoter Score (NPS) system, which measures how likely it is that our customers recommend our products and services to colleagues, friends, or family. There are different sorts of NPS. The relational NPS (NPS-r) is used to measure the strength of the relationship with customers, and to gain understanding of long-term customer satisfaction over time. We use the NPS-r to compare NN to market averages (see table). For the Netherlands, the NPS score refers to retail customers of Nationale Nederlanden brand in Life and Non-life insurance. Japan will be included in 2021, as comparable scores were not available in 2020.

In 2020, NPS scores have in general been under pressure, as can be seen from the decline in market averages (see table). This was likely partly due to the pandemic. For NN, unfortunately a significant decrease in scores occurred in Belgium, Bulgaria, Greece, Hungary, the Netherlands, and Spain. We are pleased that Turkey shows a significant increase. All in all, in 2020 four of our businesses scored above market average, similar to 2019. Our aim is for all business units to score above market average by 2023. To that end, we will also conduct additional research at local level to get a better understanding of what drives the NPS-r scores, to reflect on our service offerings and prioritise our improvement actions accordingly.

NPS

Business unit	2020 Result	2019 Result	2020 Market average	2019 Market average
Belgium	-27	-1	5	0
Bulgaria	-3	20	5	16
Czech Republic	5	9	13	18
Greece	15	30	17	22
Hungary	37	51	31	44
Netherlands	-30	-13	-16	-9
Poland	35	36	13	27
Romania	54	66	29	64
Slovakia ¹	1	4	-2	11
Spain	14	34	20	31
Turkey	70	64	50	56

¹ For the measurement of the number of business units scoring above market average, a margin of 5 points is used.

Brand consideration

Business unit	2020 Result	2019 Result
Belgium	3%	4%
Bulgaria	15%	16%
Czech Republic	13%	13%
Greece	21%	30%
Hungary	23%	26%
Japan	13%	11%
Netherlands	20%	29%
Poland	29%	27%
Romania	67%	58%
Slovakia	19%	19%
Spain	9%	9%
Turkey	11%	16%

In addition to NPS-r, we also measure the transactional NPS (NPS-t) at a local level as a follow-up for actions or events in which customers have been in contact with us. The NPS-t is used to measure how satisfied customers are with recent interaction. Insights in NPS-t help us improve the customer journey, and we will intensify the measurement of this metric for specific events to measure customer satisfaction. While we frequently measure NPS-t, it is not included in the GBHM.

As a result most business units did not meet some of their brand targets. Overall, brand consideration has remained relatively stable for the majority of the business units. We are pleased that the score significantly improved in Romania, and slightly in Poland and Japan. The strong increase in Romania can be partly explained by the update of the competitors list that was used. Unfortunately, a significant decline occurred in Greece, the Netherlands and Turkey.

Brand consideration

At least twice a year, we measure key brand indicators, such as brand consideration and brand preference. Brand consideration is measured to monitor the preferences of customers. Due to the pandemic many marketing communication plans had to be adjusted and activities were postponed. In some countries only around half of the originally allocated budgets were spent.

Creating value – Our people

Empowering our people to be their best

We nurture a culture aligned with our purpose, values and ambitions, which supports continuous learning, collaboration, and diversity of thinking. We consider all colleagues to be talents, and invest in an inclusive and inspiring environment so we are best equipped to take our business into the future.

Supporting our people during the Covid-19 pandemic

Due to the Covid-19 pandemic most of our people had to work from home. With little delay, our employees came together to find solutions for our customers, partners and communities during the lockdown. In this they were supported by the efforts of our IT colleagues who created a robust infrastructure to allow for remote working. We developed training courses to support remote working, and to help employees and managers look after their well-being and to stay connected. We launched the NN Vitality platform which offers advice, physio modules and fitness webinars, alongside various initiatives across our business units to support people struggling with the new situation.

We see it as our responsibility as a large employer to help reduce the impact of Covid-19. Across our countries, the majority of employees have continued working from home, with the exception of those involved in critical processes and in necessary cases. In Japan, employees work in the office one day a week.

NN culture

At NN, we believe everyone brings a set of unique talents and perspectives to the table. We want to create an inspiring environment for our employees by fostering an NN culture that supports an open mindset, an independent quest for knowledge, and shared learning agility directed towards making a difference.

Employee value proposition

We operate in a tight labour market, particularly for specific skills in areas such as tech, finance, risk and investment. To position NN as an employer of choice, we launched our new employee value proposition (EVP) and a careers site for the Netherlands and Belgium, which will also be rolled out to other countries. The EVP is based on three pillars: NN's promise to employees; what our people value most; and what sets us apart from competitors.

Attracting and retaining the right talent more effectively will help us fulfil our ambition to be an industry leader known for our talented people. We will measure the effectiveness of our employee branding through employee rankings (e.g. the Brandchart Imago Research 2021), and by analysing the results of all activities.

Key performance indicators

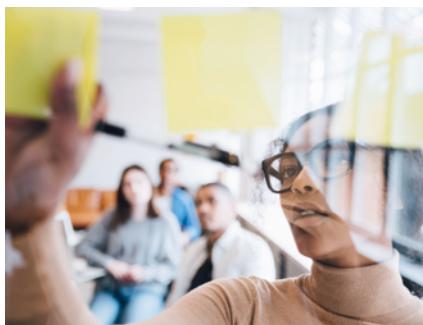
- Employee engagement ≥78 by 2023
2020: 7.9
- 40% women in senior management positions by 2023
2020: 33%

Future way of working

We expect to continue to work more from home in the future, as our remote working experience has demonstrated we have the digital tools and capabilities to work differently. This also seems to be a common preference amongst employees, and thus a strong driver to explore how we can facilitate hybrid ways of working.

In the Netherlands, a multi-disciplinary team is designing the 'future way of working' approach, based on four pillars: location, leadership and communication, IT and tech, and HR policies. We are transforming our offices to facilitate spaces where we can connect, create and collaborate across departments. We will support our employees in this transformation, and will evaluate how they respond to the transition through surveys and focus groups, and in open dialogues with the Central Works Council and trade unions.

NN Innovation Method



The NN Innovation Method, launched in 2019, is both a mindset and a way of working. By using a single framework we want to make all levels of innovation accessible to everyone at NN. The framework provides tools and support for colleagues working on both new propositions and innovations to existing projects, and helps colleagues enhance their customer engagement skills. The method values an agile, entrepreneurial

mindset. By validating ideas with real customers, project teams can stop projects early or pivot to a better approach before product launch.

In 2020, we trained over 250 colleagues across 16 business units in using the Innovation Method. A further 20 colleagues were trained to support local projects as certified innovation coaches.

Creating value – Our people continued



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Our approach to diversity is about recognising the uniqueness of each person and appreciating the value we all bring. Together we create an environment in which people feel welcome and respected.

Dailah Nihot

Chief Organisation and Corporate Relations

In Spain and Poland, we are taking steps toward implementing hybrid working as the standard, with the office used for specific activities requiring intense collaboration. In Slovakia, alongside increased remote working, we will pilot a four-day work week, with employees using the fifth day for personal development.

Investing in skills and capabilities

In 2020, following the launch of our company's new strategy, we developed the i-LEAD profile to capture the behaviours suited to our ambitions and values. It is focused on having open and meaningful conversations (Courageous Conversations) between managers and their teams, and on emphasising the skills, attitudes and behaviours that really matter to us. These are translated into a set of tangible competencies that will be implemented as part of the appraisal cycle in 2021. Working with the i-LEAD profile and the NN competencies will guide employees in how to contribute to NN's business objectives, and is expected to support personal and professional development and employee engagement.

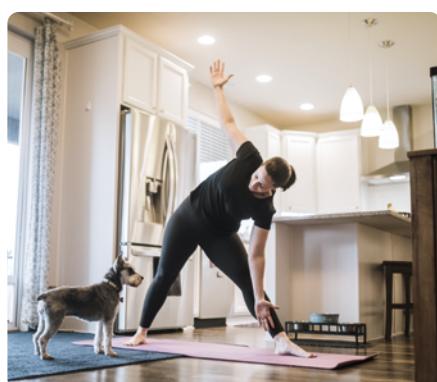
Learning & development

In 2020, NN invested EUR 12.9 million in training and development (2019: EUR 18.9 million). The decrease in 2020 is largely due to the impact of the pandemic. Many external courses were cancelled or moved online, or employees chose alternatives. The internal training opportunities we created to support employees with remote working were often low or no-cost, yet valuable, such as peer-to-peer coaching.

We aim to offer a broad portfolio of training courses to help our people equip themselves for today and tomorrow. The Human Resources team works with our business units to define the overarching learning and development needs for the coming years. For example, in 2020 a data science & AI e-learning course was developed with our Customer & Commerce business unit in the Netherlands.

In addition, we further developed our leadership development portfolio. This includes a programme for first-time managers, and a training to support Courageous Conversations. We also launched a fast-track programme in 2020 for senior managers with high potential and we strengthened the NN traineeship programme to tailor to the specific needs of our businesses.

To help managers support their team members in finding a healthy and efficient way of working from home, we designed several toolkits. And, as we recognise the importance of different forms of learning and network building in leadership development, we use peer-to-peer coaching to bring our managers together to learn from each other, and to share issues and best practices.



700

NN colleagues attended 67 online vitality energisers



436

NN colleagues joined two Wo{men}talk sessions



722

NN colleagues completed the Data & AI e-learning course

Creating value – Our people continued

Diversity and inclusion

At NN, we want to embrace everyone and together create an inclusive work environment in which people have equal opportunities and feel welcome, valued, respected, and free to bring their whole selves – regardless of gender, age, race, ethnicity, religion, disabilities, neurodiversity or sexual orientation. We will continue to take action in further enhancing diversity and inclusion (D&I) in our company.

D&I Statement

In December 2020, we launched the NN Statement on Diversity & Inclusion to explain what we stand for, and to share our ambitions on a more inclusive work environment, customer experience and community support. We appointed a dedicated D&I specialist to drive our initiatives in this area, to contribute to positive change, and to support our D&I networks, such as NN Pride, NN Young Professionals and NN Neurodiversity.

D&I events

To stimulate open and insightful dialogues around D&I topics, and to increase awareness, we launched the internal series Wo{men}talk, and continued to support TEDxAmsterdamWomen and their Talent Night initiative, offering a tailored mentor programme to the winner.

Gender diversity and equal pay

In support of our D&I agenda, we published a target on gender diversity. The male/female ratio across the company is well-balanced, but less so within senior management positions. At the end of 2020, 33% of senior management were women (2019: 36%). This shows there is still work to be done to reach our target of 40% by 2023, and we therefore focus our efforts on topics such as succession planning, talent review and leadership development.

For our NN trainee group and the fast-track leadership development programme, we realised balanced participation with a minimum of 40% of either gender. NN participates in ratings, such as the Bloomberg Gender Equality Index, which NN has been included in since 2019, and Equileap. NN ranked 14th out of 100 companies in the Equileap report 2020 Gender Equality in the Netherlands.

We conducted our second biennial equal pay statistical analysis in the Netherlands. When comparing similar compensation grades and job profiles, we found that gender does not influence pay: we offer equal pay for equal work. Going forward, we will measure this annually and across more countries, beginning with Poland, Belgium, Japan and Spain. We believe continuous attention for equal pay is key to driving D&I. It is therefore a recurring topic on the agenda of the Management Board and Supervisory Board.

Engagement

The success of a company is closely related to the well-being of its employees. It is important to NN to have a workforce that feels engaged and supported. We invest in a safe and healthy working environment, with attention for personal and professional development. Twice a year, we monitor the sentiment within the company with our global employee survey. As of 2020, we use four questions to measure engagement. Our overall engagement score increased to 7.9 (2019: 7.4), with 82% of employees participating in the survey. We are pleased with this score, given the challenging working conditions created by the pandemic. Overall, there were strong scores in the areas of goal setting, autonomy and meaningful work. Though the score for peer relationships increased to 7.7 (2019: 7.4),

we recognise it is difficult to stay connected while working remotely. While still relatively low, the scores for efficient processes (6.6, 2019: 6.0) and workload (7.4, 2019: 7.2) also showed improvement.

Top employer

In 2020, the Top Employer Institute again named NN a Top Employer in all our markets outside of the Netherlands, as well as Top Employer Europe. The Top Employers Institute recognises employers who provide excellent employee conditions, nurture and develop talent at all levels of the organisation, and strive to continuously optimise employment practices.

Employee representation

Our works councils facilitate employee consultation in most NN countries in Europe. In 2020, a new Central Works Council and a new European Works Council were installed. NN's new strategic direction, and the measures taken to respond to the Covid-19 pandemic, were topics high on the agendas of the European, Central and local Works Councils.

For an overview of the Central Works Council and European Works Council members see page 43 of the Financial Report.

CLA

At the time of publication, discussions with the trade unions on a new collective labour agreement (CLA) for the Netherlands were ongoing. An agreement on a one-year CLA turned out to be unachievable, as parties were unable to align on topics such as a collective pay increase. At the time of publication of this report, we are in the process of investigating the possibilities for a long-term CLA that also includes the social plan and pension agreement.

D&I networks



In 2020, colleagues in the Netherlands launched the NN Pride Network to connect colleagues within the LGBTI+ community and raise awareness of LGBTI+ matters at NN. NN is a long-standing partner of Rotterdam Pride, and with Covid-19 impacting planned events, NN volunteers handed out inclusion flags in Rotterdam. The network's digital year-end event for colleagues was its first international networking opportunity.

ADHD, autism, HSP and non-congenital brain injury are hard to recognise from the outside, yet can have an enormous impact on a person's everyday working life. NN's Neurodiversity Network aims to create a tolerant and accepting work environment, promote knowledge-sharing, and showcase the strength of differences, for example through events where employees talk about their own experiences.

Creating value – Investors

Creating value for investors

We maintain a strong balance sheet and create solid financial returns for shareholders by using our financial strength, scale and international footprint, and by efficiently managing our customers' assets and our own insurance portfolios.

Our proposition to investors

Resilient balance sheet		Strong cash flow in the Netherlands		Profitable growth in attractive markets	
<ul style="list-style-type: none"> Priority is a strong capital position and balance sheet Disciplined capital allocation 		<ul style="list-style-type: none"> Accelerating management actions <ul style="list-style-type: none"> Shift to higher-yielding assets Balance sheet optimisation Optimise Non-life business Focus on efficiency 		<ul style="list-style-type: none"> Leading market positions in Central and Eastern Europe and in the COLI market in Japan¹ Shift to protection and leveraging on strong distribution network 	

Our commitment	Resilient and growing long-term capital generation for shareholders
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Financial targets	Operating capital Generation (OCG) ² : Free cash flow (FCF):	EUR 1.5bn in 2023 Over time, in a range around OCG
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Dividend policy	Progressive dividend per share, annual share buyback of at least EUR 250m and additional excess capital to be returned to shareholders unless used for value-creating opportunities
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1 COLI: Corporate-owned life insurance market in Japan.

2 Operating Capital Generation (OCG): see Glossary (page 74) for definition.



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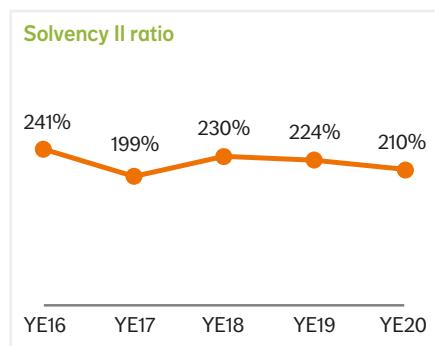
We expect mid-single digit annual growth of operating capital generation over time, allowing us to deliver attractive and growing capital returns to shareholders

Delfin Rueda
Chief Financial Officer

Creating value – Investors continued

Resilient balance sheet

We have always prioritised a strong balance sheet and this will not change. We combine a strong solvency position with a conservative asset exposure and low economic interest rate exposure. Our Solvency II ratio was 210% at the end of 2020 (versus 224% at year-end 2019). This reflects the inclusion of NN Bank in the Group Solvency II calculations as of the end of 2020 and the deduction of the proposed 2020 final dividend, partly offset by operating capital generation.



Our conservative asset mix is heavily geared to high-quality government bonds, and we have a low sensitivity to interest rates.

Our balance sheet creates opportunities for both further investments in higher-yielding assets and longevity transactions, as we did in May 2020. The solidity and stability of our balance sheet, even in volatile market conditions, along with the options this gives us, demonstrates NN's robust and resilient profile.



The cash capital position at the holding company decreased to EUR 1,170 million from EUR 1,989 million at year-end 2019. This mainly reflects capital flows to shareholders, the acquisition of VIVAT Non-life, and the repayment of debt. It was partly compensated by remittances from subsidiaries.

Strong cash flow in the Netherlands

In the Netherlands we have leading market positions, reinforced by the recent acquisitions of Delta Lloyd and VIVAT Non-life:

- Our Dutch Life business has a strong track record of cash remittances, also during crises, and shown itself able to bring expenses down.
- The Non-life business recovery is on track to achieve our combined ratio target, while also focusing on the integration of VIVAT Non-life and further upgrading of data capabilities.
- NN Bank originates a large volume of mortgages, the majority of which are transferred to the investment portfolios of the insurance companies or the third-party Dutch residential mortgage fund run by our asset manager. These are attractive assets from a risk-return perspective.
- Our asset manager, NN IP, manages the proprietary assets of the group's insurance companies as well as third-party assets. It is a leader in responsible investing.

These businesses are already delivering strong cash flows in the Netherlands, but are all also taking additional steps to increase cash generation.

We are continually focused on improving efficiency. Since 2013, we have reduced our cost base by over EUR 650 million, of which the business units in scope of the cost reduction target (related to the Delta Lloyd acquisition) reduced administrative expenses by a total of EUR 404 million since 2016.

In addition we have set clear targets for expenses, for example to reduce the Non-life administrative expense ratio to under 10% (including EUR 40 million related to the VIVAT Non-life integration), and to reduce costs in the Life company in line with the run-off of the portfolio. NN Bank targets a cost/income ratio of below 55% and NN IP aims to maintain its cost/income ratio at a mid-60% level.

At the same time, we will allow for profitable growth, for example in the defined contribution (DC) business. Though this will increase expenses, it will also support overall OCG growth.

Profitable growth in attractive markets

Our insurance operations in all countries outside the Netherlands, apart from Turkey, were started by NN as greenfields and built up into leading players in their local markets. Our European businesses are very much focused on protection.

For NN Group, the international businesses provide an attractive way to invest capital in organic growth. These European and Japanese businesses generate virtually all VNB growth.

From 2017 to 2019, we have seen strong growth of value of new business (VNB) in Europe, despite pension reforms in some countries. VNB declined somewhat in 2020, reflecting lower sales in Japan and Insurance Europe, which was due to Covid-19 restrictions.

In Japan, we have a leadership position in the sizeable Corporate Life (COLI) market. In the first half of 2020, tax regulations led to a decline in sales in Japan, but sales recovered in the second half (see page 18).

Creating value – Investors continued

Financial strength targets

Our commitment to shareholders is supported by the following targets (set for 2023) for Group and the different businesses:

	Target
NN Group	OCG of EUR 1.5 billion Free cash flow in a range around OCG over time
Netherlands Life	OCG of EUR 0.9 billion
Netherlands Non-life	Combined ratio of 94-96%
Insurance Europe	OCG of EUR 325 million
Japan life	VNB of at least EUR 150 million
Asset Mgmt	OCG of EUR 125 million
NN Banking	Net operating RoE of 12% or higher

Progress on targets

OCG for NN Group decreased to EUR 993 million from EUR 1,349 million in 2019. This reflects the negative impact of lower interest rates, the suspension of dividend payments from NN Bank (in accordance with the recommendations of the Dutch regulator), and unfavourable developments in Non-life's disability and accident portfolio. This was partly offset by a higher investment return mainly in Netherlands Life reflecting the shift to higher-yielding assets.

Capital return policy

NN Group announced an update of its dividend policy on 13 February 2020. It intends to pay a progressive ordinary dividend per share and execute a recurring annual share buyback of at least EUR 250 million. Additional excess capital is to be returned to shareholders unless it can be used for value-creating opportunities.

A progressive dividend means a growing dividend per share. We will decide on the amount of the dividend each year depending on the circumstances at the time, but the long-term growth pattern of annual dividends is ultimately linked to the growth of capital generation. We expect mid-single digit annual growth of OCG over time.

When proposing a dividend, NN Group considers, amongst other things, the capital position, the leverage and liquidity position, regulatory requirements and strategic considerations, as well as any expected developments in these areas.

Dividends are paid either in cash, after deduction of withholding tax if applicable, or in ordinary shares as elected by the shareholder. Dividends paid in the form of ordinary shares will be delivered from NN Group treasury shares or issued from the share premium reserve. We intend to neutralise the dilutive effect of the stock dividend through repurchase of ordinary shares.

On 2 September 2020, NN Group paid an interim dividend of EUR 2.26 per ordinary share, comprising EUR 1.40 per ordinary share, equal to the amount of the 2019 final dividend that was suspended in April 2020, plus EUR 0.86 per ordinary share, equal to the regular 2020 interim dividend calculated in accordance with the NN Group dividend policy.

At the AGM on 20 May 2021, a final dividend for 2020 will be proposed of EUR 1.47 per ordinary share. The proposed 2020 final dividend plus the regular 2020 interim dividend of EUR 0.86 per ordinary share gives a pro forma total dividend for 2020 of EUR 2.33 per ordinary share. This represents a pro forma increase of 7.9% on 2019 dividend per share (DPS).

Share buyback

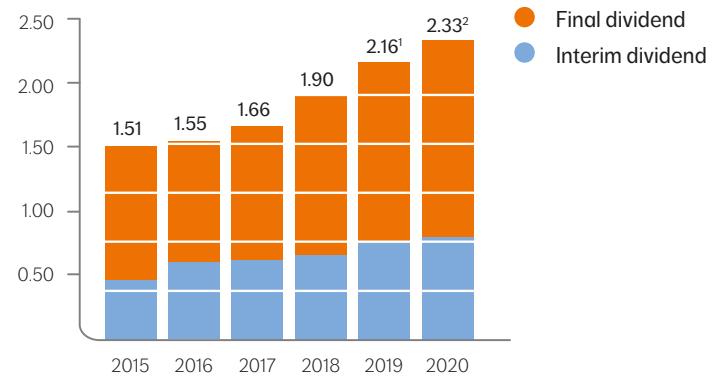
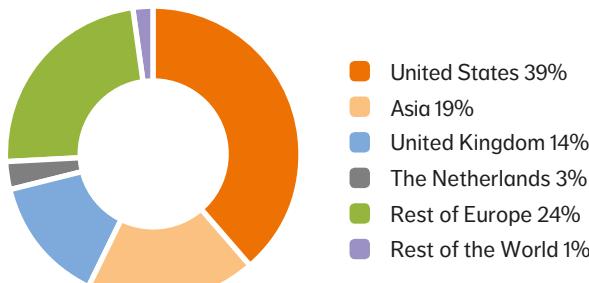
On 13 February 2020, NN Group announced a share buyback programme for an amount up to EUR 250 million over a period of 12 months, commencing 2 March 2020. This share buyback was temporarily suspended on 6 April 2020 and resumed on 6 August 2020.

On 18 February 2021, NN Group announced that it will execute an open market share buyback programme for an amount of EUR 250 million. The programme will be executed within 12 months and commenced on 1 March 2021. The share buyback will be deducted in full from Solvency II Own Funds in the first half of 2021 and is estimated to reduce NN Group's Solvency II ratio by around 3%-points.

NN Group reports on the progress of the share buyback programmes on its corporate [website](#) on a weekly basis.

Shareholder by country/region

IHS Markit shareholder analysis at December 2020 (%)



¹ Pro-forma 2019 full-year dividend per share of EUR 2.16, comprising the 2019 interim dividend of EUR 0.76 plus the suspended final dividend of EUR 1.40.

² Pro forma 2020 full-year dividend per share of EUR 2.33, comprising the 2020 interim dividend of EUR 0.86 plus the proposed 2020 final dividend of EUR 1.47.

Creating value – Investors continued

Other information

The authorised share capital of NN Group N.V. consists of ordinary shares and preference shares. Currently, only ordinary shares are issued, while a call option to acquire preference shares has been granted to the NN Group Continuity Foundation (Stichting Continuïteit NN Group). Read more on page 30 of the Financial Report.

Authorised and issued capital (in EUR million)

	Year-end 2020	Year-end 2019	Year-end 2018
Ordinary shares			
- authorised	84	84	84
- issued	39	41	41
Preference shares			
- authorised	84	84	84
- issued	0	0	0

Number of shares in issue and shares outstanding in the market

	Year-end 2020	Year-end 2019	Year-end 2018
Authorised share capital (in shares)	700,000,000	700,000,000	700,000,000
Issued ordinary shares	330,278,210	343,556,121	341,059,071
Own ordinary shares held by NN Group	19,822,194	21,485,285	6,554,128
Outstanding ordinary shares	310,456,016	322,070,836	334,504,943

Listing

NN Group ordinary shares are listed and traded on Euronext Amsterdam under the symbol NN.



Major shareholders

According to the AFM register as at 8 March 2021, the following shareholders have an interest of 3% or more in NN Group on the notification date:

- RRJ Capital II Ltd. 9.60% (23 May 2017)
- Norges Bank 4.91% (30 September 2020)
- BlackRock, Inc. 4.77% (21 August 2020)
- P.E. Singer 3.29% (24 July 2020)
- UBS Group AG 3.12% (9 February 2021)
- Bank of America Corporation 3.04% (2 March 2021)

Please refer to the [AFM register](#) of Substantial holdings and gross short positions for more details on the nature and characteristics of these interests.

Credit ratings

On 14 December 2020, Standard & Poor's published a report confirming NN Group's 'A' financial strength rating and a 'BBB+' credit rating with a stable outlook. On 16 October 2020, Fitch confirmed NN Group's 'A+' financial strength rating and 'A' credit rating with a stable outlook.

Sustainability ratings

We are rated on sustainability by specialist research agencies, such as Sustainalytics, MSCI and CDP. Furthermore, we are included in indices such as the Dow Jones Sustainability Indices. Read more on page 65. We proactively inform the market on our approach and performance by publishing and regularly updating an environmental, social and governance (ESG) presentation on our website and during one-on-one investor meetings.

Creating a positive impact on society

We strive to contribute to the well-being of people and the planet. We do business with the future in mind and contribute to a world where people can thrive for generations to come. We do this by investing our assets responsibly, being a fair taxpayer, managing our direct environmental footprint, and through our activities in the communities where we live and work.

Key performance indicators

- ESG-integrated Assets under Management (AuM): 80% by 2023
2020 (year-end): 74%
- Accelerate the transition to a low-carbon economy by targeting a net-zero carbon proprietary investment portfolio by 2050
2020: Installed Paris Alignment Council, chaired by NN Group's Chief Investment Officer
- 2020:** Developed asset-class specific Paris Alignment strategy for sovereign bonds
- Contribute 1% of our operating result (three-year average) to our communities, including cash donations and hours of volunteering by 2023
2020: EUR 4.7 million in charitable donations
- 2020:** 7,991 volunteering hours

Additional performance indicators

- Continue to increase our AuM in sustainable and impact strategies
2020 (year-end): EUR 29.3bn AuM (+29% compared to year-end 2019)
- Reduce direct CO₂ emissions (tonnes) by 3% per FTE per year
2020: 43% decrease in CO₂ emissions per FTE
- Reach at least 100,000 young people through NN Future Matters (2014-2020); and help 11,625 households out of poverty and debt (2016-2020)
2020: 15,834 young people reached through NN Future Matters (totalling 154,192 and exceeding our 2020 target)
2020: 2,603 households reached (totalling 11,949)

Responsible investment

NN Group's Responsible Investment (RI) Framework policy sets out our vision and approach in this area: we integrate ESG factors into our investment processes and active ownership practices. We prefer inclusion backed by engagement to exclusion, but also uphold restrictions. Our asset manager, NN Investment Partners (NN IP) also offers clients a range of ESG-integrated, sustainable and impact investment strategies.

In June 2020, NN announced its ambition to transition our proprietary investment portfolio to net-zero greenhouse gas emissions by 2050, to align with the Paris Agreement 1.5°C target. This follows our earlier steps towards phasing out thermal coal-exposed investments, and the expansion of our carbon footprint and climate-related scenario analysis.

Guided by the Institutional Investors Group on Climate Change (IIGCC)'s 'Net-zero investment framework', NN's strategy has two dimensions: decarbonisation of our investment portfolio in line with a net-zero trajectory by 2050, and increasing investment in climate solutions. We prefer approaches and methods most likely to deliver impact in the real economy.

We established an NN Paris Alignment Council to oversee the process of aligning the proprietary investment portfolio to the Paris climate goals, and define related action plans and targets. We developed a Paris Alignment Strategy for sovereign bonds which we plan to implement in 2021. Countries are scored on their climate performance using current and forward-looking indicators. Using a best-in-class approach, we aim to increase allocation towards higher-climate-performing issuance and/or green bonds. We are also exploring ways to engage more with sovereign issuers on climate change.

Work is ongoing to develop asset-class specific strategies for private real estate, corporate bonds and listed equity, with deliverables expected in 2021.

Supporting ESG integration

Our RI Framework policy includes norms-based criteria reflecting our investment beliefs and values, relevant laws, and internationally-recognised norms and standards, such as the OECD Guidelines.

NN IP has a stringent definition of ESG integration: for each investment analysis, the integration of ESG factors needs to be consistently demonstrated and documented. At year-end 2020, ESG criteria were consistently integrated for 74% of total assets, amounting to EUR 223 billion (compared to 68% in 2019). This includes those assets managed under the sustainable and impact strategies. NN IP is committed to a target of 80% ESG-integrated AuM by 2023.

We apply an engagement-led divestment approach. This means restriction is proposed only when we feel engagement cannot change a company's conduct or involvement in specific activities. The ESG Committee of NN IP assesses whether an issuer fails to meet our norms-based criteria, advised by the NN IP Controversy & Engagement Council. In 2020, this council met six times and discussed 171 cases.

Influencing companies to take responsibility

Voting is one of the most powerful tools of active ownership, and we vote at shareholder meetings on behalf of our own and our clients' assets. To ensure proper governance, we have separate voting committees in place, and publish our voting record on a dedicated website.

Creating value – Society and communities continued



3,053

Number of shareholder
meetings at which we voted

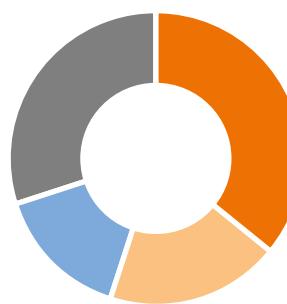


1,269

Dialogues with issuers
on ESG factors

Dialogues on ESG factors

(%)



Deforestation in the Amazon

NN recognises the importance of taking action against deforestation. Due to the complexity of the supply chain, we prefer to use our influence to improve standards. Involvement with all parties in the supply chain – from producers to retailers – is our preference. Collective action against deforestation is part of our engagement activities as we believe it strengthens our position and increases our impact. In the case of soy, NN IP is a member of the FAIRR Initiative and participates in the PRI-Ceres Investor Initiative for Sustainable Forests, working with industry, producers and governments to tackle soy-related deforestation.

We are in talks with six investee companies about deforestation-related risks within their supply chains. As part of these efforts, we supported an investor statement on Amazon deforestation and forest fires, asking companies to step up their efforts and demonstrate a clear willingness to eliminate deforestation within their operations and supply chains. NN IP has also signed the Statement of Support for the Cerrado Manifesto, reflecting our commitment to halt deforestation and our intention to work with industry, producers, governments and residents to protect Brazil's valuable, biodiverse Cerrado region. The main challenge of the manifesto is to find mechanisms to end deforestation in an area where regulation does not encourage this protection: about 85% of the conversion of Cerrado's native vegetation into soy is legal under Brazilian law.

During 2020, NN IP voted at 3,053 AGMs on 35,015 agenda items. Voting activities were focused on three main issues: board elections, the alignment of executive remuneration with company strategy, and sustainability shareholder resolutions.

A recently published report 'Voting matters 2020' by ShareAction shows how 60 of the world's largest asset managers voted on 102 shareholder resolutions on climate change, climate-related lobbying, and social issues, during the period of September 2019 to August 2020. NN IP has been named the sixth-best performer, having supported 95% of resolutions or more.

Through engagement, we aim to raise awareness of ESG issues and encourage issuers to improve their policies and practices. In addition to controversy engagements, NN IP performs thematic engagements on corporate governance, natural resources & climate change, and decent work. Because of the active investment strategies of NN IP, our equity and fixed income analysts and portfolio managers are in frequent dialogue with investee companies. Our RI specialists also enter into dialogue with corporate and sovereign issuers, and whenever ESG issues are a topic of discussion during company meetings we log the updates in a dedicated database.

In addition to our own engagement efforts, we use the services of Sustainalytics Stewardship Services. They carry out engagements with companies on our behalf, primarily focused on compliance with internationally-recognised conventions and guidelines.

During 2020, NN IP also continued our participation in collective investor engagements, such as Climate Action 100+ and the CDP Non-Disclosure and Science Based Target campaigns, encouraging companies to disclose information on climate risks and set long-term targets on reducing their greenhouse gas emissions.

As the chart shows, in total we had 1,269 ESG dialogues with issuers in 2020, double the number of dialogues compared to 2019. In addition to the two examples mentioned in the boxes in this chapter, please find more on how we engage with companies and sectors in NN IP's Responsible Investing Report 2020 on our [website](#).

Encouraging governments

In addition to the company engagement, NN Investment Partners signed an open letter to Brazilian Embassies expressing concern about increasing deforestation in Brazil. This has led to a dialogue with members of the Brazilian Congress about the conservation of the country's tropical forests. We will continue our engagement with the Brazilian authorities through the Investors Policy Dialogue on Deforestation in Brazil.

Furthermore, NN IP joined a group of 26 financial institutions from around the globe launching the Finance for Biodiversity Pledge. They called on global leaders and committed themselves to protect and restore biodiversity through their finance activities and investments in the run-up to the Conference of the Parties (COP 15) to the Convention on Biological Diversity in 2021.

NN Group was signatory to a statement initiated by the Dutch Sustainable Growth Coalition asking the Dutch government to place sustainability as the cornerstone in the Covid-19 recovery. It was signed by a broad coalition of businesses in the Netherlands and noted that the Covid-19 pandemic has occurred during society's transition to a more sustainability-driven and inclusive economy. In the recovery, the coalition does not want to lose sight of this challenge, the risks associated with climate change or the loss of biodiversity.

Creating value – Society and communities continued

Making a positive impact through our investments

During 2020, NN IP expanded its sustainable and impact strategies offering with the launch of a new corporate green bond fund. Our green bond strategy (funds and mandates) has seen rapid growth, reaching EUR 3.5 billion at year-end 2020. Total AuM of our sustainable and impact investing products grew 29% to EUR 29.3 billion at year-end 2020.

For NN Group's own assets, too, we look for investments that have a positive impact on society while meeting our investment criteria. For instance, we invest in green bonds, and finance renewable energy and resource efficiency-related infrastructure debt projects. In total, these investments amounted to EUR 1.3 billion at year-end.

We use the GRESB Real Estate assessment as the primary measure of our progress. In 2020, the GRESB (value-weighted) score for NN's portfolio of funds, joint ventures and directly-owned buildings scored 83 out of 100 (industry average: 70). While for the second consecutive year our directly-managed real estate portfolio received a 5-star rating, GRESB's highest rating and recognition as an industry leader.

Our carbon footprint analysis of proprietary assets measures the carbon footprint of 80% of our total assets. We published more details in the '2020 Carbon footprint of our proprietary assets' report. This year's publication also includes insights from our TCFD-aligned scenario analysis and is published on our website.

Responsible tax strategy

We believe that a responsible approach to tax is an essential part of good citizenship. We manage our tax position in line with our business operations, and our position reflects our corporate strategy and takes into account relevant international guidelines, such as the OECD Guidelines for Multinational Enterprises. Being a responsible taxpayer also means that our tax planning takes long-term considerations into account and carefully weighs all stakeholder interests. We have a set of tax principles to which we adhere and that we communicate publicly on our website through our Tax Strategy and Principles, and the NN Group Tax Charter.

Besides taxes that NN Group pays as a taxpayer, which represent a cost for our company, we are also responsible for collecting taxes on behalf of our clients, employees, and service providers, and passing them on to tax authorities. To give insight into our tax contribution, since 2019 we have published a Total Tax Contribution (TTC) Report, which reflects taxes paid in the countries where we operate.

We are pleased that this effort was recognised by external stakeholders, with NN the top-scoring company in the annual Tax Transparency Benchmark published by the Dutch Association of Investors for Sustainable Development (VBDO) in both 2019 and 2020. This benchmark provides a comparative study of Dutch listed companies' fiscal transparency.

Our 2020 TTC Report is available on our [website](#) and provides insight on the taxes being borne and collected on a country-by-country basis for the book-year 2020. In addition, we explain developments impacting the tax position of NN Group.

Financial tax disclosures

The financial disclosures on corporate income taxes paid by NN Group can be found in the 2020 Financial Report. The same information is included in the 2020 TTC Report, but this report provides more detailed explanations to help understand the disclosures. In addition, the TTC Report provides information on other taxes collected and paid by NN Group as part of its operations.

NN Group's total tax contribution in 2020 amounted to EUR 2,392 million, and consisted of the corporate income taxes paid by NN Group and the total of other taxes collected and paid by NN Group as part of its operations (including Value Added Tax, Insurance Premium Tax, payroll taxes, and withholding tax on dividends paid by NN Group). Of this total tax contribution, we paid 78% to the tax authorities in the Netherlands, and 22% to local tax authorities on behalf of our international businesses.



EUR 29.3bn

AuM in sustainable and impact strategies

Child labour in agriculture

Global inequalities continue to widen, and the Covid-19 pandemic has the potential to further exacerbate this as the number of people in extreme poverty is increasing. This has a direct bearing on child labour, particularly in agriculture where we focus our engagement efforts on the cocoa sector in Ivory Coast and Ghana.

NN IP encourages companies to more closely monitor their supply chains for the existence of child labour, to put in place remedy systems and to foster children's rights with relation to education, health and safety. The need for a living income is also addressed.

Five of the seven companies with which NN IP engages have made progress. Most companies now have Child Labour Monitoring and Remediation Systems covering more than 50% of their supply chain in Ivory Coast and Ghana, and some have started rolling them out in other cocoa-growing communities in West Africa, Indonesia and Brazil. Furthermore, several companies have announced their support to new programmes to keep primary-aged children in school. For more information, refer to NN IP's Responsible Investment Report.

Creating value – Society and communities continued

Sustainable sourcing

With an annual spend of around EUR 1 billion, our procurement activities support our business strategy. A substantial part of this investment goes towards professional services, IT, real estate and facility management, where we implement sustainable and circular solutions. Our relationship with suppliers is based on our NN values, and we aim to work together in a mutually beneficial way. We have a supplier qualification process and governance in place for managing social, environmental and financial aspects of the procurement process. In the last quarter of 2020, NN launched a supplier qualification platform which, amongst others, gives insights into suppliers' sustainability performance.

Managing our direct environmental footprint

We manage our environmental performance through efficient use of natural resources, and identifying and implementing green alternatives. We compensate the remainder of our CO₂ emission by purchasing voluntary carbon credits and have been carbon neutral since 2007. Our 2020 target is to reduce our CO₂ emissions from direct operations by 3% per FTE per year. In 2020, our CO₂ emissions decreased by 43% per FTE per year and 72% of our electricity use came from renewable sources. These statistics do not take into account the increased use of energy by employees working from home, and it is not really possible to separate the Covid-19 effect from other initiatives. Going forward, we aim to set a science-based target to commit to reducing our absolute scope 1 and 2 CO₂ emissions.

As a financial service provider, our direct environmental footprint consists mainly of emissions from office activities and business travel. In 2019, we formulated our #YourSustainableWorkspace ambition to contribute to a sustainable and healthy environment within our office activities. In 2020, we launched the circular coalition with all our facility management service suppliers. With this cooperation in our service supplier chain we are aiming for

100% sustainable and circular office services in 2025. In addition, we initiated a renovation of 45,000 square metres in our offices in Rotterdam and The Hague. We aim for a fully circular, zero waste renovation and to be WELL Platinum Certified within the next years.

Contributions to our communities

At NN, we put our resources, expertise, and networks to use for the advancement of our communities. We promote a society in which everyone can participate and thrive for many generations to come.

Covid-19 has caused distress globally. In addition to its immediate impact on our health, it makes even clearer that the well-being of millions of people and of our planet are fragile. During this extraordinary year, alongside the community investments that are part of our long-standing NN Future Matters programme, we supported efforts to address immediate Covid-19-induced health and economic needs.

To increase our impact, in several countries NN joined forces with other companies from our sector. The Dutch Association of Insurers, of which NN is a member, donated money to ZWIC, a foundation that financially supports healthcare workers who were hospitalised in intensive care, incapacitated or passed away due to Covid-19. In Spain, NN financially supported the UNESPA initiative to create collective life insurance for hospital staff and clinicians during the pandemic.

We encouraged our employees to reach out to those affected by the pandemic. In the Netherlands, 348 employees participated in the online training 'Help with money matters' facilitated by Nibud (National Institute for Family Finance Information): our employees were trained as home administration volunteers and can now guide a family member, friend or acquaintance financially affected by the Covid-19 pandemic to the appropriate support service.

In the Czech Republic, NN employees helped distribute care packages to senior citizens in seven care homes, sent personally-made digital postcards to 256 isolated senior citizens and delivered 14,300 orange tulips to elderly care homes across the country. NN also ran a campaign whereby employees can help distribute cash donations made available by NN for organisations providing food, housing and recreational activities for the elderly.

Where needed, NN provided additional support to existing partners. NN Spain provided an additional donation to our long-standing partner Aldeas Infantiles to give over 100 families in Madrid access to basic food and healthcare products and services, and additional resources to their entrepreneurship programme for single mothers in the Canary Islands.

Throughout the year, NN Netherlands initiated various activities for our partner LINDA foundation, which helps families in financial difficulties – a group that grew rapidly after the first outbreak. At the start of the pandemic, NN arranged laptops for families in poverty so their children could follow classes online. In the summer, colleagues packed bags with toys and supplies to make the long summer holidays a bit more fun. Around Christmas we initiated a big internal fundraising campaign to ensure as many families as possible could enjoy the festive season. We also launched a campaigning video on the issue of poverty. In total, NN donated EUR 1.7 million to initiatives responding directly to the impact of Covid-19 in the countries where we operate. Read more on our [website](#).



EUR 4.7m

Donations to charitable
organisations



7,991

Employee volunteer hours
in NN Future Matters focus areas



15,834

Young people reached through
NN Future Matters

Creating value – Society and communities continued

NN Future Matters

In 2020, we were able to continue, or even deepen, our support to existing partners. We continued to invest in the overarching community investment programme NN Future Matters, which aims to help improve people's financial well-being, with a particular focus on 10 to 25-year-olds and disadvantaged groups. The programme aligns with both our purpose as a company and our in-house expertise. More importantly, it has a demonstrable positive impact on communities.

We involve both international and local partners to ensure the programme is globally consistent while remaining relevant to local needs and issues. We have seen how certain young people growing up in already challenging circumstances have been most hit by the changes resulting from the pandemic: less access to technology; in several countries, minimal digital literacy; and sometimes no family support with home schooling. Together with our international partner Junior Achievement Europe, we continued our joint programmes as much as possible. In 2020, 7,865 students in ten countries took part in the Social Innovation Relay. This flagship programme is a global competition for secondary school students to develop an innovative business concept that addresses a real societal need. This year, most programmes were successfully run digitally.

NN colleagues in the Netherlands gave guest talks on digital skills at high schools via our community investment partner, JINC. The goal is to improve schoolchildren's digital skills while also making them aware of the job opportunities in the IT sector.

In Greece, NN continues to support My Career, a digital career orientation programme that helps young people make informed career study choices and links opportunities in the employment market with their personal interests. Because the tool is available online, young people in urban and rural areas could be reached. From the programme's launch in 2019 until the end of 2020, 1,696 students from 330 Greek schools had been helped.

From Debt to Opportunities

Through the From Debt to Opportunities Foundation, NN Group supports households who face problematic debt. Together with local not-for-profit partners, the Foundation helps people to acquire financial skills to escape poverty and achieve sustainable financial security.

While the extent to which Covid-19 affected job security, income losses and household debt is yet unclear, the Foundation funded the accelerated digitalisation of the majority of its partners – in addition to the regular financial aid provided. In this way, 2,603 households could still be supported in 2020. In addition, 69 employees volunteered their time and expertise. During its five-year programme, a total of 11,949 households were reached, aided by a total of 1,538 NN volunteers.

To measure the impact of its efforts and to contribute to a better understanding of what works in the field of poverty reduction in the Netherlands, the Foundation collaborates with the Amsterdam University of Applied Sciences in an extensive five-year research. Amongst other insights, interim results show that after participation, both the average household debt as well as the number of creditors is significantly reduced over the long term. In addition, one in ten respondents remains fully debt-free. Final research results will be published in 2021.

In addition to financial support, 72 employees volunteered 2,514 hours of their time and expertise to projects that further the foundation's goals.

 **Read more in Dutch:**
www.vanschuldenaarkansen.nl

In Poland, we continued our support to the University of Success, a programme helping 18-year-old girls leaving orphanages who want a career in the IT or digital media sectors. For its contribution to this initiative, NN Poland was awarded the prestigious 'Benefactor of the Year Award' in the area of Entrepreneurship.

In Spain, we are an Aldeas Infantiles Future Builder, helping teenagers aged 16-19 in risk of social exclusion with their social skills, personal development, academic qualifications and employability. The programme aims to promote social and labour inclusion.

The NN Future Matters scholarship programme, a collaboration between NN and EP-Nuffic, gives first-generation higher education students the opportunity to complete a Master's degree in the Netherlands. Students are matched with an NN mentor, who supports them during the year. In 2020, we welcomed 35 students from eight countries.

Overall in 2020, we supported 15,834 young people and made EUR 2.5 million in charitable donations to NN Future Matters-related target areas. Since the start of our programme in 2014, we have reached 154,192 young people, exceeding our 2020 target to positively impact the futures of 100,000 young people. Read more on our [website](#).

Going forward

One of the strategic commitments in NN Group's new strategy is our contribution to society. As part of this, we will be significantly upscaling our contribution to our communities by pledging to invest 1% of our operating result (three-year average) in cash donations and hours of volunteering by 2023. To reach this ambitious target we will build on our current strong foundation, grow existing and start new partnerships, while increasing our donations and hours of volunteering to make a lasting impact. In 2021, we will report in line with the B4SI Framework, a robust measurement standard in which we will include the hours volunteered in the total contributions to our communities using a standard calculation method, and we will adjust our charitable donations policy to meet the B4SI standards.

Creating value – Sustainable Development Goals

Contributing to the SDGs

In 2015, the United Nations launched the 2030 agenda for sustainable development. At its heart are the 17 Sustainable Development Goals (SDGs). The goals address the world's largest societal challenges such as ending poverty, improving health and education, reducing inequality and preserving our oceans and forest.

At NN, we strongly believe the public and private sector should work together to help achieve these goals. We are highlighting the SDGs where we can have the biggest impact through our business activities, investments and community programmes.

Our key impact areas

As a responsible insurer, investor and employer we make a particular contribution to the achievement of the following four Sustainable Development Goals (SDGs): SDG 3 (Good health and well-being), SDG 8 (Decent work and economic growth), SDG 12 (Sustainable consumption and production) and SDG 13 (Climate action). Our company can contribute to these goals through both our core business activities and our value chain.

Secondary focus

We support SDG 7 (Affordable and clean energy) with our ambition to accelerate the transition to a low-carbon economy through our investments. With our community investments we strive to build better and stronger communities and therewith contribute to SDG 1 (No poverty). Our impact on SDG 5 (Gender equality) is related to our continuous efforts to enhance diversity and inclusion in our company.

These SDGs seamlessly integrate with the themes of our own strategic agenda: healthy and safe living, a sustainable planet and an inclusive economy. The table below shows NN Group's contributions to the SDGs in 2020 and our future ambitions.



Healthy and safe living

	Ambitions and targets	Performance 2020
SDG 3 Good health and well-being Ensure healthy lives and promote well-being for all at all ages	<p>Contribute to the physical and mental health of our colleagues, our customers and the broader society</p> <p>Continue to support our customers with solutions that help them address societal challenges related to healthy and safe living</p>	<p>Contributed to keeping our colleagues safe by enabling them to work from home, and staying fit and healthy (reflected in the score of 7.8 on mental and physical well-being during the pandemic in regular employee survey)</p> <p>Introduction and scaling of products and services with social added value that address issues, such as loneliness, diabetes, access to healthcare and burn-outs</p>

Sustainable planet

	Ambitions and targets	Performance 2020
SDG 7 Affordable and clean energy Ensure access to affordable, reliable, sustainable and modern energy for all	Growth aspirations for renewable energy investments (and other climate solutions) for NN's own asset portfolio	Amount of investments of own assets in direct renewable infrastructure projects and green bonds used for renewable energy: EUR 1.0 billion at year-end 2020

Creating value – Sustainable Development Goals continued

Sustainable planet continued

	Ambitions and targets	Performance 2020
SDG 12 Sustainable consumption and production Ensure sustainable consumption and production patterns	<p>Integrate ESG factors in investment process for 80% of our total AuM by 2023</p> <p>Continue to increase our AuM in sustainable and impact strategies</p> <p>Support our customers with solutions that help them address societal challenges related to climate change</p>	Integrated ESG factors in investment process for 74% of our total AuM at year-end 2020 Total AuM of our sustainable and impact strategies grew 29% to EUR 29.3 billion at year-end 2020 Introduction and scaling of products and services with environmental impact like a greener housing market, sustainable living and promotion of climate-neutral transport
SDG 13 Climate action Take urgent action to combat climate change and its impacts	<p>Accelerate the transition to a low carbon economy by targeting a net-zero carbon proprietary investment portfolio by 2050</p> <p>Set a science-based target to commit to reduce absolute scope 1 and 2 CO₂ emissions of our direct environmental footprint</p>	Installed Paris Alignment Council, chaired by NN Group's Chief Investment Officer Developed asset-class specific Paris Alignment strategy for sovereign bonds Amount of securities covered by the coal phase-out strategy for the proprietary portfolio: EUR 1.6 billion CO ₂ emissions per FTE decreased by 43% to 0.9 CO ₂ emissions per FTE

Inclusive economy

	Ambitions and targets	Performance 2020
SDG 1 No poverty Improving access to sustainable livelihoods, entrepreneurial opportunities and productive resources	Contribute 1% of our operating result (three-year average) to our communities, including cash donations and hours of volunteering by 2023	EUR 4.7 million donations to charitable organisations 2,603 households reached by From Debt to Opportunities Foundation 7,991 employee volunteering hours in NN Future Matters focus areas
SDG 5 Gender equality Achieve gender equality and empower all women and girls	<p>Together increase diversity, inclusion and equality in our teams; engage everyone, and encourage them to be who they are, share their voices and drive change</p> <p>40% women in senior management positions by 2023</p>	Publication of NN Statement on Diversity & Inclusion Inclusion in the Bloomberg Gender-Equality Index, partnership with TedxAmsterdamWomen 33% women in senior management positions

SDG 8 Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Employee engagement ≥7.8 by 2023

Continue to help improve people's financial well-being, with a particular focus on 10 to 25-year-olds and disadvantaged groups

Employer to 15,118 employees worldwide
 Employee engagement 7.9

15,834 young people reached through NN Future Matters
 35 scholarships provided to students from eight countries



Safeguarding value creation

Our values

Our values guide, inspire and unite us. They are the foundation of our culture, and are at the basis of our strategic framework. Our values guide us in our everyday work – not only in what we do, but also in how we do it.



Empower people to be their best, and respect each other and the world we live in



Communicate proactively and honestly, while being accessible and open



Act with integrity and do business with the future in mind

Safeguarding value creation – Our values

Living our Values programme

The Living our Values programme was launched in 2014 to encourage and support employees in applying the values in their daily work.

Updated statement of Living our Values

We first launched the **NN statement of Living our Values**, in preparation of our future as a stand-alone company. It states, for both internal and external stakeholders, what NN stands for and reflects our commitment to long-term value creation.

After six years, and with the development of our company's new strategy, we felt a review was due to ensure our values remain relevant in a changing world. We aligned the statement with our new purpose, and rephrased and updated the text. We also removed some principles that are now covered in more detail in the Code of Conduct, while considering applicable regulatory requirements (e.g. the Oath for Financial Institutions in the Netherlands). The essence of each value remains unchanged.

We published the updated statement in June 2020, as part of our strategic framework.

Cultural fit

The NN Living our Values programme aims to increase awareness around our values and enables colleagues to fully integrate them into their everyday behaviour. We take steps to ensure that all employees remain conscious of the values throughout their NN careers, and that they are reflected in our HR policies and processes.

The values are therefore the starting point for hiring new employees, and part of the reward process. The new i-LEAD profile (see page 30), which is based on the new strategic framework, captures all key NN behaviours. The newly-designed Key Talent Management process for senior management incorporates 'cultural fit' (i.e. acting in accordance with the NN values).

Values week

Our annual NN Values week, organised across 12 countries, provides an opportunity to engage colleagues in how we live our values. Values week 2020 was about connecting, an apt theme given the need to work from home during the pandemic.

In the Netherlands, Values week was fully digital. From their homes nearly 750 colleagues joined workshops, dialogues and presentations on business and societal topics. Afterwards, 81% of the participants in the Netherlands felt the Values week provided a good opportunity to reflect on our values (2019: 71%), 68% felt it stimulated discussion (2019: 60%) and 99% would encourage colleagues to join the next edition (2019: 95%). The NN Innovation Method (see page 29) was used to see how we could find ways to increase colleagues' participation in Values week. The outcome was to develop a digital team energiser, to be launched in 2021.

Tone at the top

Our Management Board and senior leaders are important role models when it comes to living our values. To open Values week, David Knibbe, CEO NN Group, and Dailah Nihot, Chief Organisation and Corporate Relations, participated in a live discussion viewed by over 1,000 colleagues globally. They spoke about what our values mean to them and the importance of the Living our Values programme. Our values state that we listen with genuine interest, empathy and an open mind, and during the week Management Board members joined a number of small, informal sessions with colleagues to discuss the challenges and opportunities encountered when working remotely.

Our employee engagement survey asks colleagues how their managers perform on living our values. Even with everyone working from home, the response to the statement 'I feel encouraged by my manager to meet our high standard of integrity' increased to 8.3 (2019: 8.0) and 'My manager consistently acts as a role model when it comes to living our NN values' scored 8.1 (2018: 7.9). Scores are consistent with the general high appreciation of management in the employee engagement survey. This is in line with the benchmark and most likely influenced by the Covid-19 situation.



Monitoring progress

We monitor the effectiveness of the Living our Values programme in our annual employee engagement survey. The Management Board and the Living our Values Project group use the outcomes to evaluate where we need to focus attention. The 2020 results saw a significant improvement on 2019.

Segment	Difference with Nov 2019	
Care 'In our team we genuinely care about our customers and treat them with respect'	8.4	+0.2
Clear 'In our team we are easy to approach and communicate proactively and honestly'	8.3	+0.3
Commit 'In our team we take responsibility for our actions and deliver on our promises'	8.3	+0.2

We also ask employees how connected they feel to our values, and in 2020 this score rose to 8.2 (2019: 7.9). As nearly all colleagues were working from home, we conducted an additional special survey in August, for employees in the Netherlands. The survey aimed to gain insights into perceptions that may have changed due to working remotely. We were pleased with the response that 80% of our people felt equally connected to the values before we started working from home; 9% felt less connected, 6% more so, and 5% neutral. We will continue to monitor perceptions in 2021.

Safeguarding value creation – Our values continued

Consumer perceptions

We measure the perception of our values amongst our customers and the general public through the Global Brand Health Monitor (GBHM).

For customers, the 2020 year-end results show that the values remain strongly embedded in the NN brand, with at least 50% of customers recognising each of the values in most markets. However, in 2020, Belgium, Japan and the Netherlands fell below 50% which is a significant decrease compared to 2019.

For the general public, most markets show stable scores in comparison to 2019. Particularly Belgium shows a high growth,

while Hungary and the Netherlands show a significant decrease on all three values. The GBHM-scores were under pressure in many of our markets, because marketing communication plans had to be adjusted and activities were postponed due to the Covid-19 pandemic. Together with the local business units, we will look into ways to restore the results in 2021. We will continue to invest in a strong and relevant brand.

Let's connect programme

As a follow-up to the 2019 Values review, we introduced a communication and culture programme around the theme 'Let's connect'. This programme was developed for our leadership when we launched our new strategy in June. It aims to enhance

engagement around our purpose and strategy, and to further stimulate an open dialogue on how we help people care for what matters most to them. In 2020, to feel connected and engaged turned out to be even more important than before. Initiatives to achieve this included our 'Let's connect' theme for our internal International Leadership Meeting, focused on 250 senior managers, and a 'Let's connect' session for colleagues in the Netherlands with Tjeerd Bosklopper and Leon van Riet, members of the Management Board.

Purpose Council



'We help people care for what matters most to them' is our company's purpose. It expresses the 'why' behind our actions, and it reflects the kind of company we aspire to be; one that delivers long-term value for our stakeholders. Along with our values and our brand, our purpose is at the heart of our culture.

In December 2019, a committee was set up to advise and support the Management Board in developing a new purpose statement. A year later, this committee was formalised as the group-wide Purpose Council, with the objective to oversee how we are upholding our purpose and progressing on our non-financial targets.

Chaired by the Chief Organisation and Corporate Relations, and sponsored by the Group CEO, the Council consists of several Management Board members, heads of relevant staff functions and business/country representatives. It performs an advisory, consultative and preparatory role, and supports the Management Board in steering, measuring and reporting on non-financial issues relevant to the strategy, and related to customers, employees and society.

Safeguarding value creation – Our Code of Conduct and other policies

Our Code of Conduct and other policies



“

While the Covid-19 pandemic affects the world in many ways, our NN Code of Conduct continues to be a clear guide for how we want to behave towards our customers, colleagues and other stakeholders

Janet Stuijt
General Counsel

NN Code of Conduct

Based on the NN statement of Living our Values, the NN Code of Conduct offers clear guidance in a single, easy-to-understand document for the behaviours we expect from NN employees: how we interact with colleagues, customers, and other stakeholders; how we deal with information and data; how we deal with conflicts of interest, fraud, corruption, and financial economic crime; how we use equipment and the internet; and how we report and deal with breaches.

Employees are required to formally acknowledge annually that they understand the content of the NN Code of Conduct, and can and will apply the underlying policies and standards. This has been mandatory for all business units for several years. The Code of Conduct has a supplement for management: The Manager Annex.

In 2020, we achieved an acknowledgement score of 100% for internal NN staff and managers (excluding staff on long-term leave or sick leave).

E-learning

In 2019, we launched the online learning platform 'Conduct Matters', to raise awareness of the NN Code of Conduct. It is accessible for all employees in all local languages.

Since then, we have rolled out several new interactive e-learning courses. These aim to raise risk awareness around confidential and price-sensitive information (Confidential Matters), Market Abuse/Insider trading (Trading Matters – all NN insiders), Bribery & Corruption/Conflicts of Interest (Conflicting

Matters – all local languages), Silent voice Activation/Whistleblowing Procedure (Your Voice Matters) and Privacy – all key topics in the Code of Conduct.

Digital Compliance Dashboard

In November 2020, a digital Compliance Dashboard was launched for all business units via the local compliance departments, as a first step towards a more data-driven compliance function within NN. The dashboard brings together multiple data sources in an overview that helps facilitate effective and efficient compliance monitoring in areas such as: Insiders; incidents; gifts and events and possible conflicts; outside positions and outside interests and possible conflicts; the Code of Conduct acknowledgment; and awareness and execution of elearnings per business unit and corporate staff departments. The dashboard will initially be used by Compliance Officers, and after further development it will be extended to colleagues driving business activities.

Risk Culture Check-in

In January 2019, Group Risk and Group Compliance introduced the Risk Culture Check-in, whereby all business units perform a self-assessment on how they perceive the risk culture within their unit. They also assess head office control functions on their risk culture and cooperation. In 2020, the second Risk Culture Check-in was executed.

This two-way assessment forms the basis for a constructive dialogue with NN senior management on how we manage the risk culture within the company and where we

can improve. The resulting 360-degree loop delivers content to underpin the 'Employee Conduct & Business Culture' statement within our risk management framework. The process is led by Group Risk, in close cooperation with Group Legal and Group Compliance within business units.

Platform on Product Insights

In December, 'Product Talks', a digital learning platform was launched by Group Legal, Group Compliance and Group Risk, for colleagues involved in product development or review in all business units.

The online platform brings together relevant legal, compliance, risk and behavioural science perspectives in micro-learning courses. These aim to expand and deepen knowledge and skills relevant to developing and reviewing NN products and services in line with our Product Policy. The content is relevant for both first-line functions (such as product development, sales and marketing) and second-line functions, and accessible to all interested NN employees.

Reporting misconduct

When misconduct occurs, NN carefully reviews and assesses whether an investigation or other action is needed. Breaches of the NN Code of Conduct are not taken lightly, and can include appropriate measures.

Whistleblower Policy

The NN Group Whistleblower Policy enables every employee to report, if they wish anonymously, a concern outside normal reporting channels. NN Group guarantees

Safeguarding value creation – Our Code of Conduct and other policies continued

various rights, including protection from retaliation for any employee who reports a concern in good faith. NN Group also provides information, causes information to be provided, or otherwise assists in an investigation. The main outline of the Whistleblower Policy is explained in our NN Code of Conduct. The Whistleblower course (see e-learning above) is used during the NN hiring and onboarding programmes.

In one of the two cases listed below Corporate Security & Investigations carried out further investigations. Concerns, reported in 2020, have been recorded and reported periodically (numerically) via the Chief Compliance Officer to the Management Board and Supervisory Board.

Whistleblower concerns	2020	2019	2018
Total	2	4	7

Other incidents and concerns

In 2020, Corporate Security & Investigations was involved in 66 cases (2019: 95).

In six cases, disciplinary measures (warning, reprimand, termination of employment, or instant dismissal) were taken.

Employees are informed in writing of any disciplinary measures.

Cases involving disciplinary measures	2020	2019	2018
Fraud-related	0	1	7
Unethical behaviour	6	5	6
Conflict of interest	0	0	1
Total	6	6	14

Other policies

NN has policies, processes, systems and practices in place to ensure that we always do business in line with our values. That means being there for our customers by developing products and services designed with their best interests at heart, and managing our processes and their personal data in line with best practice in terms of transparency, safety and security. In doing so, we demand standards from all our business units and employees that meet and often exceed legal requirements.

PARP process and golden rules

The demand for transparent, simple products from the financial services industry continues to grow. Customers expect value for money, transparency, and products and services that evolve with developments. Any new or modified product or service must first undergo a careful Product Approval and Review

Process (PARP) to ensure it is transparent and meets customers' needs. Integral to PARP are our Customer Golden Rules:

- Offer fair value to customers
- Explain the risks, returns and costs of our products and services
- Regularly assess products, services and distribution practices
- Only work with professional and licensed distributors

Data privacy

As digitalisation continues rapidly, we are conscious that to safeguard the privacy of our customers, it is more important than ever that we secure their personal data and then handle it responsibly. We do this by complying with all data protection legislative requirements, of which the EU General Data Protection Regulation (GDPR) is the most important one.

Data is vital to us in order to be able to serve today's customer effectively. Using (big) data to analyse customer propositions helps us strengthen our interactions with customers, forge more intuitive partnerships, and create superior, tailor-made solutions.

Our data & artificial intelligence (AI) analyses are focused on product/market optimisation, process efficiency, and fraud and claim analytics. An example of process efficiency is the email classification project that uses AI to automatically classify emails received in generic mailboxes and routes them to the department that can best deal with them. This increases speed in answering and reduces handling costs.

In 2020, we developed our own AI ethics framework (the 'NN AI Guidelines') aligned with our values. These guidelines facilitate the development and use of trustworthy AI, and set even stricter requirements than legislations prescribe. During 2021, we will develop an NN AI Policy that further entrenches these principles. NN also contributed to the Dutch Association of Insurers' Ethical Framework ('Ethisch Kader').

We are very aware that we need to strike a proper balance between individual choices, privacy and social responsibility. Besides the focus on the data we manage and protect, we also provide our customers with services around data and cybersecurity, as the consequences of inadequate cybersecurity can be far-reaching for both individuals and companies.

Financial economic crime

NN cautiously guards against money laundering, funding of terrorism, tax evasion and other forms of financial economic crime (FEC). Both because they are illegal and unethical, and because they can harm confidence in NN as a financial services provider. Digitalisation and dependency on digital systems has significantly increased the potential impact of FEC, and NN takes pro-active preventative measures to avoid FEC occurring. We do not tolerate any deviation from relevant FEC laws or regulations.

One of the steps taken in 2020 is the completion of the Best in Data (BID) programme in the Netherlands. Our FEC processes have been thoroughly analysed, screened and improved; our data quality monitoring and control have been improved; our data standards have been set and improved; transparency and completeness controls have been set; and, employees have completed awareness courses to ensure their familiarity with the latest legislation.

Unit-linked products in the Netherlands

In the Netherlands, unit-linked products have received negative public attention since the end of 2006. We have taken this criticism to heart, as our aim is to support our customers as best we can. The Dutch insurance subsidiaries of NN Group reached out to all individual customers who purchased unit-linked products in the past ('activeren').

The Dutch insurance subsidiaries of NN Group continue to periodically reach out to groups of selected customers to encourage them to carefully assess their unit-linked products in order to enable them to address their personal situation and offer customers the option to switch to another product or make changes to their policy free of charge. Customers are also entitled to free advice. As at 31 December 2020, the portfolios of Dutch insurance subsidiaries of NN Group comprised less than 375,000 active unit-linked policies. In a limited number of cases (less than 1,250), Dutch insurance subsidiaries of NN Group have settled disputes with individual customers. These are tailor-made solutions. A limited number of individual customers and several consumer protection organisations have initiated legal proceedings against Dutch insurance subsidiaries of NN Group. Read more on pages 125-127 of the Financial Report Note 44.

Safeguarding value creation – Stakeholder engagement

Stakeholder engagement and international commitments

NN Group engages in ongoing dialogue with stakeholders on a variety of topics, ranging from products, services and business performance to our role in society. By endorsing national and international initiatives, we underline our ambitions and join forces with other organisations to increase leverage.

Stakeholder engagement

Stakeholder engagement is a vital part of our efforts to earn their trust and support, and of our duty as a responsible and engaged company. NN Group identifies stakeholders based on their potential to influence or be affected by our business. Important stakeholder groups include customers, employees, investors, business partners and society, including regulators and societal organisations. We seek feedback from these groups on key topics that matter to them. This helps us align our business interests with the needs and expectations of relevant stakeholder groups, and is a source of information for strategy development and decision-making.

Our dialogue with stakeholders takes many forms: day-to-day interaction and regular feedback sessions with customers on our products and services; works council meetings and continued dialogue with our employees; roadshows for analysts and investors; regular contact with regulatory bodies, government agencies and other organisations (including non-governmental organisations (NGOs), trade unions and industry associations); and roundtables with policymakers, academics and peers.

In 2020, NN participated in the research publication 'Stakeholder inclusion as an accelerator for the Sustainable Development Goals'. This collaborative effort with UN Global Compact Netherlands, academics, NGOs and around 70 Dutch corporates, provided insight into the different stages of stakeholder engagement.

National and international commitments

As a company based in the Netherlands, we adhere to Dutch law and the Dutch Corporate Governance Code. We observe the laws and regulations of all markets in which we operate. We also adhere to relevant international standards and guidelines, including the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

To underline our ambitions, NN Group and/or our respective businesses have endorsed various national and international initiatives, and we are a member of various relevant international organisations. For an overview, please visit our website.

Commitment of the financial sector to the Dutch Climate Agreement

In July 2019, NN signed the commitment of the financial sector to the Dutch Climate Agreement and thereby commits to contribute to the financing of energy transition, to disclose the carbon footprint of our relevant investments and publish an action plan in 2022.

For the third year in a row, NN has disclosed the carbon footprint of our proprietary assets, currently covering 80% of our total portfolio. It is composed of the general account assets of the insurance activities, and the assets of NN Bank and NN Group. You will find a summary update on page 66 and more detail can be found in a separate publication '2020 Carbon footprint of proprietary assets' report on our [website](#). We continuously enhance our approach to address climate change into our strategy, policies and activities. We encourage the energy transition, for example through our active ownership activities, and make sustainable and impact investments.

In June 2020, NN announced its ambition to transition its proprietary investment portfolio to net-zero greenhouse gas emissions by 2050. This builds on existing climate initiatives, such as phasing out thermal coal-exposed investments from our investment portfolio by 2030 and NN IP's active dialogues with investee companies on climate-related matters.

Furthermore, as a mortgage provider we want to contribute to the reduction of greenhouse gas emission in the houses we finance. NN Bank offers financing options to make homes more sustainable. Through prevention and advice tools such as Powerly, we encourage and support customers to improve the energy efficiency of homes. Read more in the sections on Responsible investment on pages 36-38, Our response to the Task Force on Climate-related Financial Disclosures (TCFD) on pages 50-53, and NN IP's Responsible Investing Report 2020.

International Corporate Social Responsibility (ICSR) sector covenant

The ICSR covenant for the Dutch insurance sector aims to ensure that insurers identify and mitigate any potential negative environmental, social and governance (ESG) impacts through their investments.

The covenant's signatories (all Dutch insurers, the government and six NGOs) pool their knowledge and experience, identify ESG risks, and initiate steps to mitigate those risks. Insurers are expected to have due diligence processes in place to address ESG risks and, where necessary, to develop, adjust and improve their policies. Publication of policies and restricted lists are required, as are disclosures on voting and engagement activities with investee companies.

Safeguarding value creation – Stakeholder engagement continued

During the year under review, we participated in many of the activities organised by the parties of the covenant. In a knowledge sharing session, NN IP provided insight into how we aim to integrate 'access to remedy' in the investment process. Furthermore, we co-signed an engagement letter to two pharmaceutical companies on the topics of access to medicines and transparency. Read more on how we integrate ESG in our investment process on pages 36-38 and in NN IP's Responsible Investing Report 2020. For an overview of fixed-income bonds held on the NN Group balance sheet by type of issuer, refer to page 152 of the Financial Report (Note 51).

Our approach to human rights

Respect for human rights is an integral part of our values, as confirmed in the NN statement of Living Our Values. The principles contained in the UN Guiding Principles for Business and Human Rights guide us in implementing human rights in our business activities and interaction with stakeholders.

Our NN Group Human Rights Statement serves as an umbrella document and relates to various policies, such as our Human Capital and RI Framework policies, and a Guidance paper on Human Rights for Investors.

Early 2020, we conducted a review of our human rights policies and processes. The findings enable us to further strengthen our approach to human rights risks and opportunities across the organisation. We are currently working on the approach and results of human rights due diligence for our own operations, more specifically our procurement activities.

Stakeholders, engagement, topics and outcomes

Stakeholder group	Engagement	Topics discussed	Outcome
Customers (retail)	Customer interviews, panels and surveys, both online and offline	Customer experience related to any change in products, services and processes	Increase customer engagement and loyalty
Clients (institutional)	Client surveys, (digital) events, roundtables	Client satisfaction, sustainable finance regulation, responsible investing	Informed and engaged clients
Financial advisors, brokers, agents	Advisor survey, roundtables, webinars, (digital) visits	Products and services, performance, strategy, partnering, integration and conversion acquired business	Stimulate good cooperation, increase financial advisor and broker satisfaction, leading to customer satisfaction
Shareholders, analysts, investors	Annual shareholders meeting, analyst calls, investor meetings	Strategy, financial and operational developments, capital position, approach to ESG	Inform and engage shareholders, analysts and investors
Employees	Leadership and other (digital) conferences, surveys, works councils, unions	Values, Code of Conduct, Covid-19 measures, integration process, engagement	Inform and engage employees, values-driven culture
Investee companies	Voting at shareholder meetings, dialogue with company management, engagement	Financial and operational developments, corporate governance, natural resources and climate change, decent work, (non)-financial disclosures	Create value through consistent and transparent voting behaviour, improved disclosures, improved decision-making including on ESG issues
Regulators, government bodies	Meetings, reporting, information exchange	Economic and financial market developments, risk assessments, (pension) regulation, ICSR sector covenant, sustainable finance	Ensure compliance with, and discussion of impact of regulation
Non-governmental organisations	Correspondence, meetings, reports, benchmarks	Investment in oil & gas companies (arctic drilling), natural resources and human rights, deforestation, benchmarking methods	Exchange vision and insights, engagement with investee companies, participation in working group on biodiversity

Safeguarding value creation – TCFD

Our response to the Financial Stability Board's Task Force on Climate-related Financial Disclosures

At NN Group, we have reported on climate change since the financial year 2017 incorporating the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). This response is structured along the four TCFD pillars: governance, strategy, risk management, and metrics and targets.

Governance

The NN Group Executive Board ensures that the company has adequate internal risk management and control systems in place so that it is aware of any material risks run by our company, and that these risks can be managed properly. Each year, the Executive Board defines the company's risk appetite, related limits and tolerances. This is ratified by the Supervisory Board. Risk management processes are covered as part of the NN Group Financial Report (Note 51).

The Executive Board's responsibilities include the formulation of the company's strategy in line with its view on long-term value creation. This includes the non-financial aspects relevant to NN and its stakeholders, such as environmental, social and governance (ESG) matters. The Supervisory Board supervises the strategy pursued by the Executive Board, while the Management Board is responsible for the company's day-to-day management and overall strategic direction. This includes the setting and achievement of the company's objectives, and the ESG aspects that are relevant to the company. These responsibilities are laid out in the respective charters of these Boards as published on our corporate website.

Within the Management Board, the Chief Organisation & Corporate Relations (COCR) has Corporate Citizenship, which includes sustainability, in her portfolio. The COCR is the sponsor for any sustainability, climate or responsible investment related topics that are discussed in the Management Board. The Chief Risk Officer (CRO), also part of the Management Board, is entrusted with the day-to-day responsibility for NN Group's risk management function. The CRO is tasked to ensure both the Management Board and the Supervisory Board are at all times informed of, and understand the material risks to which NN is exposed including climate-related risks.

He is the sponsor of the NN Group annual risk & solvency assessment, in which we evaluate outcomes of scenario analyses including climate change.

In addition to this, each of our other Management Board members promote and integrate sustainability into their respective businesses or functions where relevant. To advise the Management Board on the implementation of the overall sustainability direction, the company employs a dedicated Corporate Citizenship team. This team works closely together with the different businesses and functions to steer and advise on the embedding of ESG aspects, as part of the implementation of the overall strategy.

In 2020, as part of our Supervisory Board's Permanent Education programme, a session was organised on climate change risks & opportunities disclosures and dialogue. Furthermore, the Management Board discussed and confirmed NN's approach to climate change risks and opportunities. It also sponsored selected activities carried out by NN's teams to engage in industry initiatives, leading to publications such as 'Insuring the climate transition' from the UN convened TCFD Insurer Pilot.

ESG-related governance within our investment activities

NN's Responsible Investment (RI) Framework policy describes our approach to integrate ESG factors, including climate change, in our investment process. The Management Board decides on adjustments to the RI Framework policy and the related restricted list, taking into account the recommendation of the ESG Committee of NN Investment Partners (NN IP). In 2020, RI-related items were discussed in the Management Board four times.

At NN IP, the executive team provides strategic direction and oversees the implementation of the RI Framework policy in the investment processes, as well as the execution of NN IP's climate change policy. This latter policy determines the climate change governance within NN IP and describes how it addresses climate-related risks and opportunities. The scope of the policy covers the investment beliefs,

integration of climate change in the investment process, active ownership, restrictions, transparency, and advocacy.

To ensure proper support and implementation of these policies, the executive team receives input from NN IP's ESG Committee. The committee is chaired by the Chief Investment Officer (CIO) of NN IP and comprises representatives of the Responsible Investment team and senior representatives from NN IP's various business segments, as well as the CIO of NN Group and representatives of Corporate Citizenship. To support the investment teams in the integration of ESG within the investment process, and to further drive the development of responsible investing and engagement, NN IP has a dedicated Responsible Investment team, which reports to the CIO of NN IP.

In 2020, a Paris Alignment Council was set up to develop and oversee the approach of aligning the proprietary investment portfolio to the Paris goals. The 'net-zero' ambition is a new commitment that NN has made to actively support the global transition to a low-carbon economy, and was communicated externally at the NN Capital Markets Day in June 2020. The Council, chaired by the CIO of NN Group, will provide direction on the implementation of the approach and monitor progress on plans and targets.

Climate Change Dialogue

To support TCFD implementation, NN has a Climate Change Dialogue: a multi-disciplinary working group, advising the Management Board on climate risks and opportunities. In 2020, the Dialogue convened to discuss the climate scenario analysis work, explore new developments and identify further actions. It also reviewed the functioning of the dialogue group, and identified a need to bring further alignment into the climate-related risk and opportunity analyses performed throughout the Group.

Strategy

Climate change presents risks and opportunities, and it is expected that these will increase over the mid to long term. NN Group therefore considers climate change to be an emerging development with potential for

Safeguarding value creation – TCFD continued

considerable risk to our long-term business model and strategy. As such, we evaluate climate change-related risks as part of our strategy resilience, stress tests and scenario analyses (refer also to the section on Risk management on page 54 of this chapter).

The materiality and time horizons over which climate change-related risks impact our business activities depend on specific types of business, asset portfolios, geography and a range of other differentiating factors as illustrated in the three cases below:

- Our property & casualty (P&C) business is predominantly a one-year renewal business, and consideration of these risks in the underwriting and pricing processes is therefore on a relatively short time horizon (one to three years)
- Many of our product development and strategy updates are based on three-to-five year time frames
- Our investment strategies backing the life and income insurance liabilities need to consider the impacts of climate change over a period well beyond the next five years

NN distinguishes (a) transition risks and (b) physical risks from climate change. Transition risk could arise from the adjustment process towards a low-carbon economy. This may adversely affect individual businesses, sectors and/or the broader economy, impacting our investment portfolios and thus the asset side of our balance sheet. Overall, NN anticipates that the global pricing of financial assets will increasingly be influenced by factors such as public policy, technological developments, changing consumer preferences, or evolving interpretations of legal frameworks. Such trends and changes are likely to materialise over the medium term. Insurers may be exposed to these risks through their investment portfolio. However, our investments are also exposed to specific short-term risks, such as sudden possible adjustments to market sentiment around climate risks, impacting segments and investments in our portfolio. Having a well-diversified and global portfolio focused on a broad range of investments could lessen the impact of transition risk. NN uses a system of risk limits and tolerances to manage financial risks overall, per asset category or type of financial risk.

Transition risk could also arise from a change in the composition of the underwriting portfolio, impacting the liability side of our balance sheet. This change will be affected by our objectives to diminish the carbon footprint, explore initiatives to keep the climate-related underwriting risks insurable, and develop

sustainable products and services.

Physical risks relate to long-term changes in climate and increases in natural catastrophes. These risks are particularly relevant to our non-life insurance business. Although predominantly in the Netherlands, we also offer a range of non-life products in Belgium, Spain and Poland. An increased frequency and severity of weather events, such as windstorms or hail, can lead to higher expenditures (claims and operational costs), thus affecting the margins of our P&C insurance products. However, because P&C is mostly a one-year renewal business, we have the ability to adjust our risk models and define premiums (or introduce excess) to reflect predicted possible losses. Moreover, external reinsurance will, under certain conditions, partially mitigate potential impacts.

Besides having consequences on the liability side, physical risks could also impact our investment portfolio. A severe windstorm or flooding might damage buildings within our European real estate portfolio, which could result in asset impairments or indirectly affect our clients' ability to pay their mortgages.

Finally, prolonged and multiple periods of heatwaves or other consequences of rising temperatures may result in increased mortality and morbidity, thereby impacting our life and income insurance liabilities. Long-term threats are difficult to predict, but currently we expect this to have less impact on our life and income insurance liabilities than other risks, such as changes in demographics. Furthermore, we note that from an overall risk perspective, NN has a larger exposure to longevity risk, which partly offsets mortality risk.

Our response

The management of climate-related risks and opportunities is part of our overall business strategy. Measures we take include:

Using insights from scenario analyses in risk and investment process – In 2019/20, NN Group performed climate change scenario analyses to get more insight into specific drivers of climate-related risks and opportunities that may impact investment performance. The analyses are focused on the largest asset categories on our balance sheet: government bonds, residential mortgages, and non-financial corporate exposure. Where possible, we considered a relevant short-, medium-, and long-term scenario, aligned with the TCFD recommendations. We described these analyses in our 2019 Annual Review, and published additional details in the '2020 Carbon footprint of our proprietary assets' report. We use the insights as further input

for formulating our investment strategy, and further integration of climate change aspects in our risk management practices.

Aiming for a net-zero emissions proprietary investment portfolio – In June 2020, NN announced a new objective to transition our proprietary investment portfolio to net-zero greenhouse gas (GHG) emissions by 2050, to align with the goals of the Paris Agreement. Our approach has two dimensions: decarbonisation of the investment portfolio, and increasing investment in climate solutions.

Playing our part in helping the real economy to decarbonise serves as a guiding principle. To ensure appropriate actions, asset-class specific approaches will be defined in a step-by-step manner. For more details also refer to the section on Responsible Investment (pages 36-38).

Phasing out coal in our portfolio – In 2019, we adopted a policy to phase out thermal coal-exposed investments by 2030 in our proprietary portfolio. This decision affects around EUR 1.6 billion of investments in the mining and utility sectors, mostly held in corporate bonds. While most of these holdings will mature before 2030, we have some longer-dated exposures. These will be closely monitored; if by 2030 the companies have not reduced their coal-related business to 5% or lower they will be sold. To create consistency in our business, we aligned our policy for insurance underwriting with the investment side. We believe this policy sends a strong signal for an urgent phase-out of coal in order to achieve the Paris targets, and additionally supports us in mitigating the climate-related transition risks in our portfolio.

Capitalising on opportunities – Our strategy seeks to leverage opportunities for financing a low-carbon, climate-resilient future, such as by offering our asset management clients sustainable and impact strategies, by providing insurance products to protect against physical climate impacts and to support low carbon business models. In 2020, NN IP further expanded its green bonds range of funds by adding a corporate variant. Our banking business launched Woonnu, a new mortgage loan platform that offers consumer mortgage loans that rewards steps taken to reduce the owner's carbon footprint, for instance by improving the energy efficiency of their property. We also adapt existing features in our insurance offerings; we provide cover for solar panels on residential insurance policies without charging an additional premium. Finally, we support customers through risk prevention and advice tools: Powerly provides Dutch homeowners with tailored

Safeguarding value creation – TCFD continued

advice to improve the energy-efficiency of homes and offers connections with partners able to implement the measures.

Active dialogue with investees – Our asset manager engages with investee companies on climate-related matters. ‘Natural Resources and Climate Change’ is one of NN IP’s thematic engagement themes and focuses on deforestation, plastics, and the transition to low-carbon business models for the utilities, and oil & gas sectors. These engagements are often conducted in collaboration with other investors, such as through the PRI or the Climate Action 100+. NN also annually takes part in the CDP Non-Disclosure Campaign, encouraging companies to disclose information on climate change, water and deforestation risks. In 2020, we also supported a new CDP Science Based Target Campaign to encourage companies to set long-term targets on reducing their GHG emissions. Next to engagement with companies, NN IP supported the investor letter from the IIGCC to EU leaders on a sustainable recovery from Covid-19. For more details on NN IP’s stewardship activities please see NN IP’s RI Report.

Joining forces to develop best practices – We also collaborate with peers to develop industry best practices. In 2020, we joined the Platform Carbon Accounting Financials (PCAF), and we participated in the IIGCC Paris Aligned Investment Initiative (PAII), to help develop the ‘Net zero investment framework’ which investors can use to develop strategies to align their portfolios to the Paris goals. We also collaborated with 21 other insurance companies to develop risk management approaches, forward-looking scenario-based tools and methodologies. The pilot group published a paper titled ‘Insuring the climate transition’ in January 2021.

Risk management

NN Group’s risk policy framework ensures that all risks (including climate-related risks) are managed consistently and that NN operates within the set risk tolerances.

Processes within investments

NN has a policy framework in place to ensure our assets are invested responsibly. The policy includes a requirement to systematically incorporate ESG factors into the investment process. The consideration of ESG factors, alongside traditional financial data, helps us to make better informed decisions and optimise the risk-return profile of investment portfolios. At NN IP, assessing the materiality of ESG factors, including climate change,

is an integral part of the investment process, where the analysts identify material risks and opportunities within the investment case. The processes are constantly enhanced. In 2020, NN IP developed its own proprietary ESG indicator for corporates and sovereigns. By the end of 2020, ESG criteria were consistently integrated for 74% of NN IP’s AuM.

Next to analysing individual investment-level risks, we carry out analyses at a portfolio level to assess potential climate risks and opportunities, and to support the implementation of a broader climate strategy. For example, we measure the carbon intensity of our proprietary investments, which provides us information on our highest carbon risk exposure and is useful for, amongst others, engagement purposes. We consider engagement to be an important tool, also for managing climate risks. This means we enter into a dialogue with investee companies on the risks of climate change, and the need to transition to a low-carbon economy.

Although we prefer to support behavioural change through an engagement approach, we may decide to exclude a company when it is not willing to engage in a dialogue, or when we believe not enough progress is being made. We have environmentally focused exclusion criteria on oil sands and thermal coal mining. For NN’s proprietary investment portfolio, we additionally implement the earlier mentioned coal phase-out policy.

Processes within insurance underwriting

Within our P&C insurance business, we manage physical climate risks in several ways. NN helps customers take precautionary measures, with the aim of preventing and minimising claims caused by windstorms, fire or other events. We monitor our claims experience and reprice or adjust policy conditions where necessary. NN’s P&C portfolio is predominantly annually renewable, allowing repricing over the short term. We apply such measures cautiously, as longer-term affordability for our clients remains an important consideration for us when making strategic choices.

We let insights from catastrophe models guide our risk management process in terms of pricing/underwriting. For this, we use external vendor models (based on meteorological modelling, reflecting observed storms and patterns) to estimate the impact and damage that would be caused by large natural catastrophes, such as windstorms. NN uses a multi-year forward-looking approach.

Catastrophe models are also part of the risk management process in terms of solvency and capital management. Portfolio diversification and tracking concentration risks are other key risk mitigating steps. NN’s wide product range offers a broad variety of non-life insurance protection cover options against damage and loss from a wide range of causes. In addition to our P&C products, our portfolio includes income products, such as disability and accident insurance, which are less sensitive to windstorm or climate change.

Finally, external reinsurance will, under certain conditions, partially mitigate potential impacts. We have a group-wide catastrophe reinsurance programme in place to protect against the severity and frequency of large natural catastrophes. Reinsurance covers are placed with a broad and diversified panel of strongly capitalised external reinsurers, and reduce the losses to NN Group from both large events and multiple smaller ones. Both the applicability of the external vendor models, as well as the reinsurance structure and cover, are reviewed annually for renewal.

To mitigate potential climate-related transition risks and provide a strong signal to companies, the insurance business applies exclusionary criteria for thermal coal mining companies. We will not provide (non-life) insurance services to companies that derive more than 30% of their revenues from thermal coal mining or use at least 30% thermal coal for power generation. These thresholds will phase down to 5% by 2030, to align our policy with the investment side.

The transition towards a low-carbon economy also causes legal challenges. We monitor climate-related litigation. Most cases are against governments, but complaints against business are on the rise. This can have consequences for NN, in case we insure these companies. However, because the relative size of NN’s general liability insurance portfolio to corporate clients, we consider risks in this area to be low at this moment in time.

To enhance the focus of ESG and climate aspects within our non-life business, we will start to assess the climate sustainability factor of our current and new products according to the latest (regulatory) insights. To determine this factor, NN will implement external screening criteria and potential own developed criteria. In addition, we will embed metrics and set targets to manage the impact of climate change on the underwriting portfolio and to align with various climate-related disclosure requirements and recommendations.

Safeguarding value creation – TCFD continued

Solvency and resilience testing

We explicitly consider large catastrophic losses in economic capital modelling in order to ensure NN Group is resilient to such extreme scenarios. The Solvency II supervisory framework requires that insurers hold sufficient capital to cover the losses of a 1-in-200-year event, over a one-year time period. In addition, insurers also consider risks beyond this one-year time period as part of their Own Risk and Solvency Assessment (ORSA), and hold a level of capital that is in line with their defined risk appetite. NN Group, and each of its regulated (re)insurance subsidiaries, prepares an ORSA at least once a year. The ORSA includes the outcomes of stress tests and/or scenario analyses that are aligned with the identified key risks.

The 2020 Group ORSA includes climate change scenarios, further building on the previously mentioned assessments on our own general account investment portfolio to better understand the impact on our business. Topics covered are:

- A qualitative assessment focusing on transition risks associated with policies for government bonds. It is built on our assumption that countries that have a well-developed long-term strategy towards achieving GHG emissions reductions consistent with the Paris Agreement, are more likely to face lower transition risk.
- A quantitative assessment using geographical data to assess physical (concentration) risks for properties in NN's mortgage book in the Netherlands, looking at flooding events (including surface water flood caused by heavy rainfall, river flood and coastal flood).
- A quantitative assessment to assess preparedness of corporates to deal with climate change. Investments in certain industries might lose value when companies cannot adapt to a low-carbon business model.

Our Non-life and Banking businesses have analysed the following scenarios:

- A quantitative assessment of a series of windstorms, and the potential impact on the solvency position of Non-life.
- A quantitative assessment of a disorderly transitional scenario ensuing from rapid global action and policies to limit warming to below 2°C compared to pre-industrial levels, but having impact on our assets (equity, mortgages, real estate) materialising over the medium-term business planning period, in line with a (2019) PRA scenario.

- A quantitative assessment focusing on the effects on homeowners that are confronted with unintended adverse effects of government energy transition policies, that include a severe but plausible economic downturn with uncertainty about future property values and reduced sales of existing homes.

General conclusions from these assessments are:

- Impact of climate change contains high levels of uncertainty and as such, caution is warranted in drawing conclusions based on scenario outcomes. Furthermore, climate-related scenarios are potentially not representing the full impact of climate change, as it is virtually impossible to provide an all-inclusive scenario.
- Scenario analyses performed so far show climate change is more imminent to our underwriting business in NN Non-life compared to our Life and Pensions businesses.
- Qualitative scenarios, as well as other data supported analysis, can help to gain a further understanding of potential exposures in our portfolios. For instance, for the mortgage portfolio, geographical data offers visualisation of concentration of physical risks. Based on current insights, and assuming the Dutch government will further execute its infrastructure improvement programme, our exposures until 2050 are limited. We will continue to incorporate new data and assumptions in our regular monitoring.
- For our corporate bond portfolio, we consider the potential impact moderate and manageable. Over the past years we have been refining our RI strategy, and will continue to do so in the years to come. This will help to position our portfolio composition more towards companies that are likely to be best positioned on a path to decarbonising and/or offer climate solutions, while keeping a diversified portfolio.

We will continue exploring potential events and more accurate parameters to quantify the impact of climate risks, as well as build further capabilities to make more detailed assessments per type of investment. This includes a specific focus on deepening our understanding of climate-related risks, focusing on our non-life insurance portfolio, amongst others by using the insights gained from the earlier mentioned UN convened TCFD Insurer Pilot.

Metrics and targets

Own operations

At NN Group, we are committed to reducing the environmental impact of our own operations. Our operations have been carbon neutral since 2015, by reducing our emissions year-on-year and by offsetting any remaining emissions. We have set quantitative targets to reduce our GHG emissions and consumption of scarce resources. In 2021, we expect to set a new target, which will be science based. Read more on page 39.

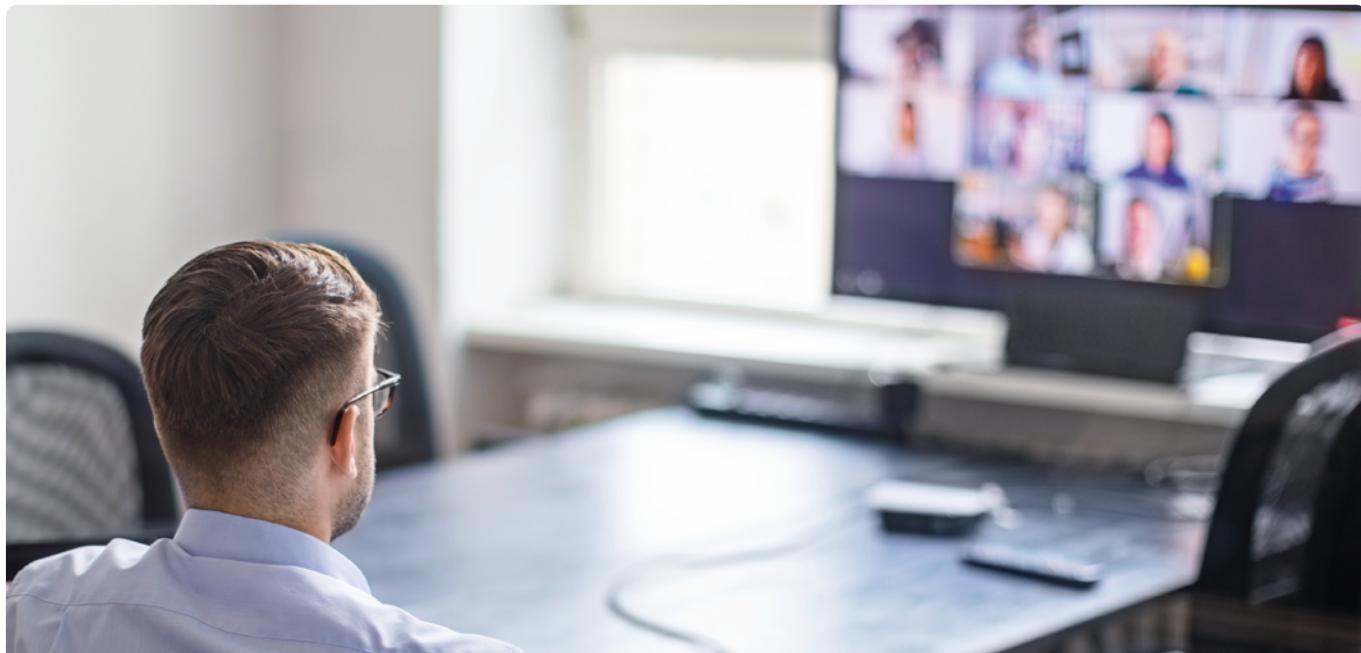
Investments

We measure the carbon footprint associated with our proprietary investments. New for 2020, is the inclusion of our real estate investment portfolio. This brought the total assessed amount to EUR 175 billion, representing 80% of our total asset portfolio, composed of the general account assets of the insurance entities, and the assets of NN Bank and NN Group. For more detail see table on page 66 and the separate publication, called 'Carbon footprint of our proprietary assets' report.

In 2020, NN committed to transition our proprietary portfolio to net-zero GHG emissions by 2050. We are developing asset-class specific strategies (see page 36 on Responsible Investment). In 2021, we will define intermediate objectives and milestones in relation to this commitment.

Other metrics and targets:

- NN IP's AuM in sustainable and impact strategies: EUR 29.3 billion (2020).
- Amount of green bonds and infrastructure investments in the areas of energy and resource efficiency held in the proprietary portfolio: EUR 1.3 billion (2020).
- GRESB score, as an indicator of the sustainability performance of the proprietary real estate portfolio: 83 out of 100. The assessment covers EUR 8 billion or 97% of NN's real estate portfolio.
- Amount of securities covered by the coal phase-out strategy for the proprietary portfolio: EUR 1.6 billion.
- Number of company dialogues on ESG factors conducted by NN IP analysts and ESG specialists: 1,269.
- Shareholder proposals where NN IP voted 'for': 100% out of 22 proposals requesting companies to set up GHG emission reduction targets in line with the Paris goals; 100% out of 11 proposals filed by Climate Action 100+; and 100% out of three proposals related to deforestation.



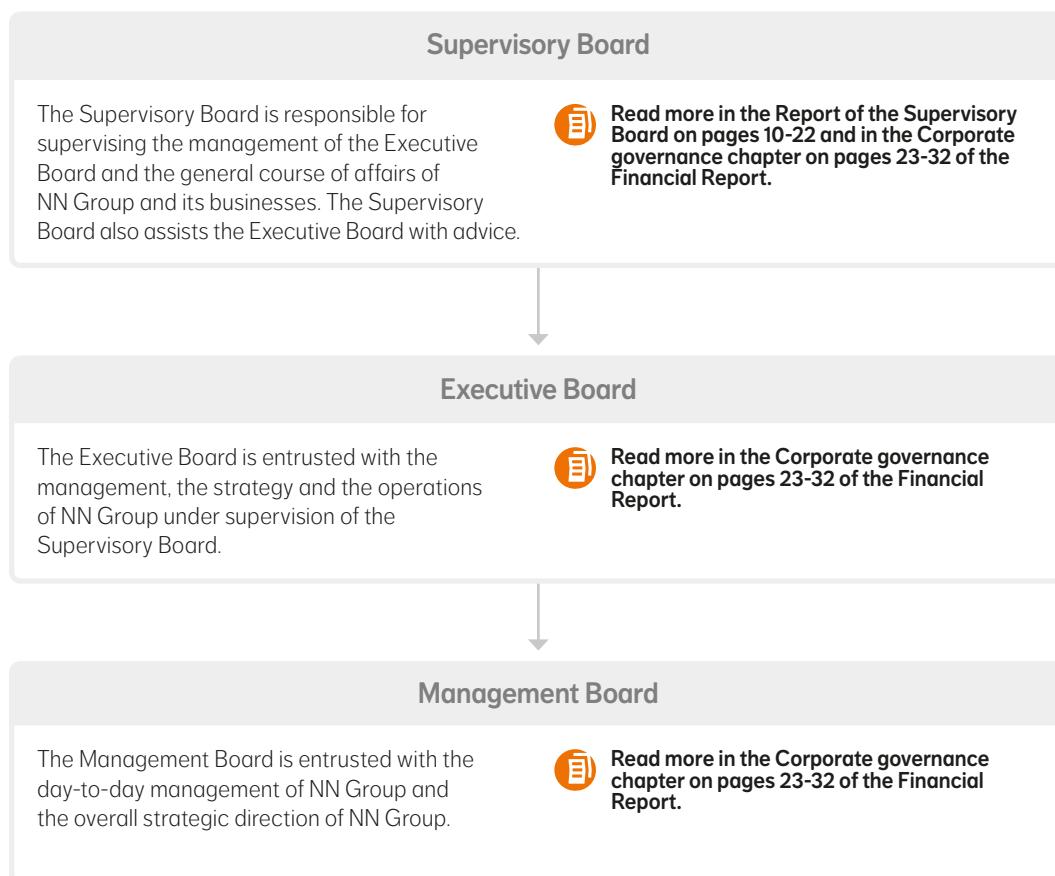
Governance and risk management

Our governance structure ensures we act with the interests of our group and all our stakeholders in mind, and that we comply with relevant regulations. Strong risk management is essential for the successful execution of our business plans and for achieving our strategic commitments.

Governance and risk management – How we are organised

How we are organised

NN Group N.V. (NN Group) is a public limited company (naamloze vennootschap) incorporated under the laws of the Netherlands.



The interests of NN Group and our stakeholders

In performing their duties, the Executive Board, Management Board and Supervisory Board must carefully consider and act in accordance with the interests of NN Group and the business connected with it, taking into consideration the interests of all stakeholders of NN Group. The organisation, duties and way of working of the Executive Board, Management Board and Supervisory Board can be found in the charters of the respective Boards. These are available on the NN Group website.

Dutch Corporate Governance Code

NN Group is subject to the Dutch Corporate Governance Code (the Code). The application of the Code by NN Group during the financial year 2020 is described in the publication Application of the Dutch Corporate Governance Code by NN Group, dated 10 March 2021, which is available on the website of NN Group. This publication is to be read in conjunction with the Corporate governance chapter on pages 23-32 of the Financial Report.

NN Group Compliance Function Charter

NN Group is committed to upholding its reputation and integrity through compliance with applicable laws, regulations and ethical standards in each of the markets in which the company operates. All employees are expected to adhere to these laws, regulations and ethical standards, and management is responsible for ensuring such compliance. Compliance is therefore an essential ingredient of good corporate governance. The purpose of the NN Group Compliance Function Charter is to help businesses effectively manage their compliance risks. This document is available for download on the NN Group corporate website.

Governance and risk management – Our Management Board

Our Management Board

The Management Board is entrusted with the day-to-day management and overall strategic direction of NN Group.



David Knibbe Chief Executive Officer and chair of the Executive Board and Management Board

Nationality: Dutch
Date of birth: 1971



Delfin Rueda Chief Financial Officer and vice-chair of the Executive Board and Management Board

Nationality: Spanish
Date of birth: 1964



Satish Bapat Chief Executive Officer NN Investment Partners

Nationality: Dutch, Indian
Date of birth: 1966



Tjeerd Bosklopper Chief Executive Officer Netherlands Non-life, Banking and Technology

Nationality: Dutch
Date of birth: 1975



Bernhard Kaufmann Chief Risk Officer

Nationality: German
Date of birth: 1969



Dailah Nihot Chief Organisation and Corporate Relations

Nationality: Dutch
Date of birth: 1973



Leon van Riet Chief Executive Officer Netherlands Life & Pensions

Nationality: Dutch
Date of birth: 1964



Fabian Rupprecht Chief Executive Officer International Insurance

Nationality: German, Swiss
Date of birth: 1969



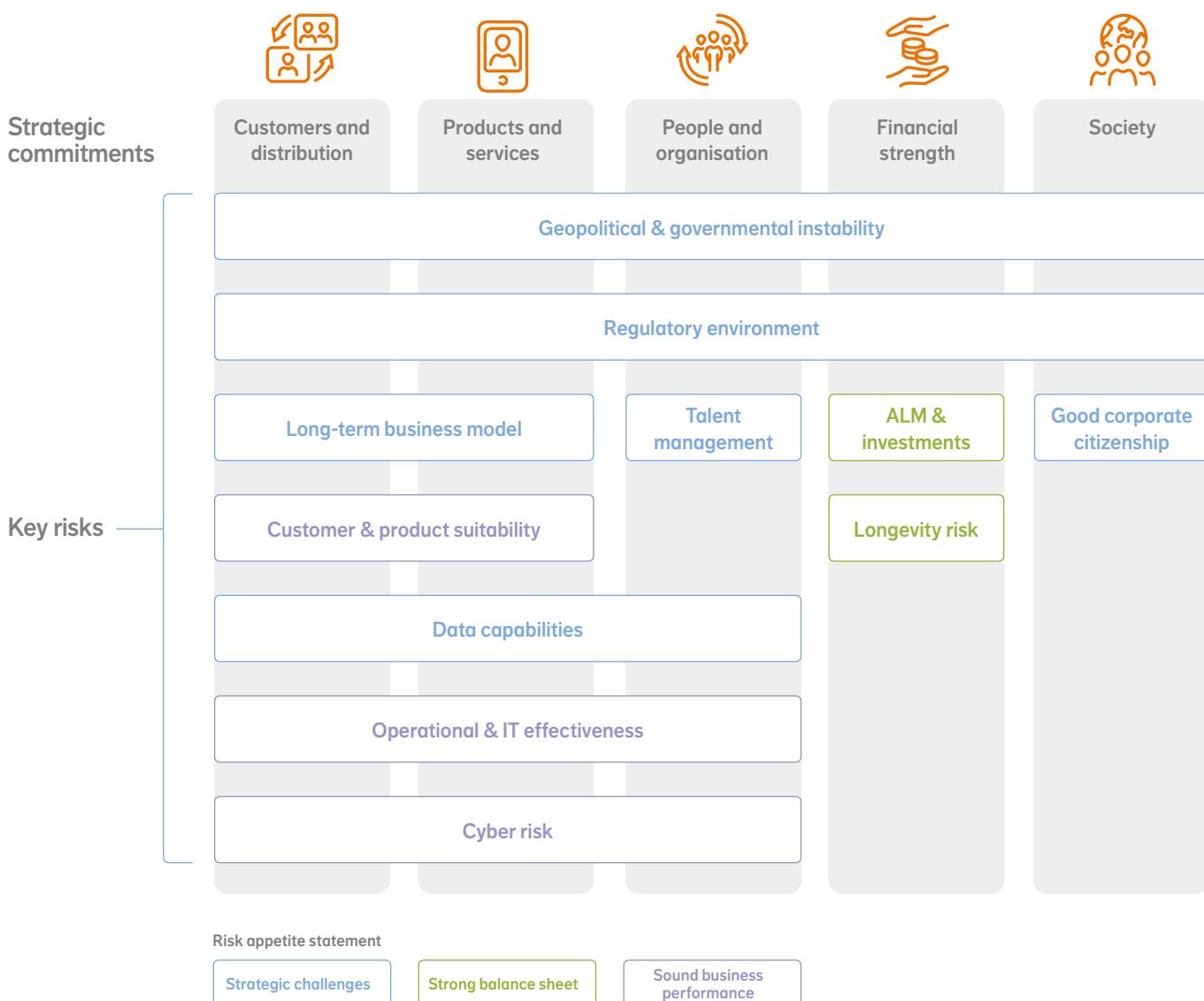
Janet Stuijt General Counsel

Nationality: Dutch
Date of birth: 1969

 Read more about our Management Board on pages 23–42 of the Financial Report.

Managing our risks

Strong risk management is important for the successful execution of our business plan, and for achieving our strategic commitments. In these times, increased levels of uncertainty require us to remain alert, monitor the developments in our operating environment, and act where necessary.



On a regular basis, we identify the key risks related to our strategy. We use a variety of inputs, such as the material topics identified by our stakeholders, macroeconomic reports, risks identified by the management boards of our business units and by the CRO Forum (a group of professional risk managers from the insurance industry).

In 2020, we paid specific attention to risks related to our new strategy and to the Covid-19 pandemic. For each set of risks, we define our risk appetite: how much risk we are willing to take. This covers three main areas: **Strategic challenges**, **Strong balance sheet**, and **Sound business performance**.

Governance and risk management – Managing our risks continued

Below we provide more information on our key risks and how we manage them. Where relevant, we discuss how the Covid-19 pandemic impacts the risks. Note 51 on Risk management in our Annual Accounts includes further details on NN's overall approach to risk management and our financial and non-financial risk exposures.

Strategic challenges:

We manage our businesses on a risk-return basis, in order to meet strategic objectives and the interests of our stakeholders.

Key development	How we manage risks
Geopolitical and governmental instability: risk of disintegration of existing economic and political systems and structures, driven by shifting power balances or nationalism, leading to protectionist behaviour, reduced economic prospects or geopolitical instability.	(Geo)political developments can have severe impact on both the economic as well as the regulatory environment in which we operate. We manage this risk by ensuring a strong solvency and liquidity position, and by holding investments with a high allocation to bonds of highly-rated European countries with relatively strong economies and whose sovereigns are considered a safe haven in times of crisis, and with a low exposure to the financial sector. We closely follow developments in international markets, and managing our asset exposures using a system of concentration limits on amongst others sovereign and country exposures, which are subject to regular review and monitoring.
Regulatory environment: risk of adverse changes to regulations or increased supervisory scrutiny that can have a profound impact on our business, products, regulatory solvency position and/or performance (e.g. IFRS 9 and 17, taxes, Solvency II regulation, crisis measures, sustainability related legislation).	Political and regulatory developments may significantly impact our businesses, for example through revised solvency regulations, tax reforms or business regulations. Major developments in this area are the ongoing Solvency II review, implementation of IFRS 9 and 17, new pension regulations in the Netherlands, and new regulations around sustainability. ESG considerations have been part of NN's way of doing business for a long time, and are at the heart of NN's updated strategy. We follow the development of regulations closely, regularly assessing their potential impact on our business. We actively manage our relationships with regulators and supervisors to ensure NN can make an effective contribution to legislative processes and any concerns are consistently raised in relevant forums.
Long-term business model: risk of not adapting our business model in time to the changing world around us (e.g. changing customer behaviour or demographics, low-interest environment, new entrants/partnerships/markets, technical disruption, impact of climate change).	To manage this risk we need to stay relevant as a company to customers, now and in the longer run, by timely adapting to new developments, managing our operations efficiently using new technologies, or by creating economies of scale. Sustained low interest rate levels impact our current balance sheet and new sales. Products that offer options and guarantees based on available returns in the market are less attractive to customers given low interest rates and the associated low yields. We adjust our product offerings, investment strategy and asset & liability management for this. We focus on being a customer-centric, data-driven company by evolving current skills, while further developing capabilities and our entrepreneurial mindset to meet changing customer demands, and stay competitive and relevant in the future. Climate change is an emerging risk to NN Group, given that we are predominantly a life insurer, and consists of physical and transition risks. Physical risks may impact our investment portfolio, or customer properties. Also there is risk related to transition to lower carbon economies which may adversely affect individual businesses, sectors and the broader economy, thereby having an impact on our investment portfolio. NN performs climate scenario analyses to create more insight into specific drivers of climate-related risks and opportunities. Read more in Our response to the Task Force on Climate-related Financial Disclosures (pages 50-53) and our Carbon Footprint report.
Talent management: risk of not being able to attract, retain and pay world class talent in competition with players within and outside our industry.	NN proactively invests in personal and professional development throughout the careers of our people. We help them build valuable networks, explore career paths, offer long- and short-term internal assignments, and job rotation schemes. We have also introduced agile working methods to give individuals and teams more flexibility in performing and prioritising their activities. We composed a new leadership profile, called i-LEAD, based on which our management is trained to coach and manage our people. We monitor employee engagement through regular surveys and benchmarks. Read more in Empowering our people to be their best (pages 29-31).

Governance and risk management – Managing our risks continued

Key development	How we manage risks
Data capabilities: risk of not having best-in-class big data capabilities for pricing, underwriting and distribution, in light of value chain disintermediation and growing attention for data privacy.	To achieve our strategic commitments, we continue to develop an agile, digital mindset within the company, as well as investing in excellent data capabilities (e.g. Artificial Intelligence, use of big data). These require different (technology-related) skills and ways of working, strengthening pricing and underwriting teams, implementing a data strategy within Non-life, and rolling-out an extensive training programme in all our businesses.
Good corporate citizenship: risk that NN Group does not adequately balance stakeholder interests, or deviates from society's evolving norms and values, in areas such as responsible investments, environmental protection, equality, inclusion, taxes and remuneration, leading to reputational damage.	<p>Long-term value creation for all stakeholders is at the core of our new strategy. Society's norms and values are evolving rapidly and not always codified in formal legislation. By responding adequately to increased stakeholder expectations we have the opportunity to improve our business, to create long-term value, and to strengthen our brand and reputation towards customers, investors and employees, and the broader society. This is why we integrate ESG criteria into our decision-making by formulating clear policies and monitoring adherence, for example through our Responsible Investment Framework Policy, Remuneration Framework and Tax Risk Management Policy.</p> <p>Read more in Creating a positive impact on society (pages 36-40) and Our response to the Task Force on Climate-related Financial Disclosures (pages 50-53).</p>

Strong balance sheet:

This facilitates sound financial business performance – we want to avoid having to raise equity capital after a moderate stress event or being a forced-seller of assets when markets are distressed.

Key development	How we manage risks
Asset & Liability Management (ALM) and investments: risk of reduced available capital due to financial market turmoil or missed investment opportunities.	<p>Market risk is taken in pursuit of returns for the benefit of customers and shareholders. As part of the new strategy, we started the process of shifting to higher-yielding assets, partly replacing low-yielding sovereign bonds, and financed by the sale and redemption of sovereign bonds. The Covid-19 pandemic has created volatility and uncertainty in financial markets. At selected moments, NN however used opportunities to additionally invest in higher-yielding assets.</p> <p>Market risks are managed within clearly-defined and monitored limits and tolerances, and with the option to reduce downside risk through hedging programmes. In addition, our strategic asset allocation aims to optimise capital generation within the boundaries of adequate diversification, acceptable risk levels and cash flow matching mismatch limits.</p>
Longevity risk: risk of higher technical provisions or required capital if life expectancy increases faster than expected.	NN Group's pension and guarantee product portfolios are exposed to longevity risk, especially in the Netherlands. In May 2020, NN Life successfully completed three re-insurance transactions to transfer longevity risk. NN will actively explore further opportunities to manage longevity risk. We also actively manage our exposure by continuing to move from defined benefit (DB) to defined contribution (DC) products, and repricing and renewing old DB products into new DC products. Read more in Financial Report Note 51 on Risk Management .

Governance and risk management – Managing our risks continued

Sound business performance:

To achieve sound operational performance, we conduct business applying the NN values and by treating customers fairly. We aim to avoid human or process errors in our operations and to limit the impact of any such errors when they do occur.

Key development	How we manage risks
Customer and product suitability: risk that products do not appropriately cover customers' interests over the full product lifetime.	<p>Product suitability is essential to our relationship with customers and creating longer-term value for our stakeholders. NN's Product Policy covers product requirements, including specific requirements on customer suitability. Our NN Code of Conduct states what we expect from our employees and business partners in terms of behaviour. Also Product Approval and Review Processes and product risk committees are in place to oversee product design, customer suitability, sound underwriting and claims management, and adequate pricing of existing and new products.</p> <p>The current Covid-19 environment impacts many of our customers, which may lead to increased risks, such as difficulties in paying premiums or mortgages. NN is helping customers and business partners through specific actions, such as via providing temporary payment breaks for premiums, mortgages or consumer loans. Read more on NN's Covid-19 related initiatives to support customers and employees (page 7).</p>

Operational and IT effectiveness:

risk of material failures in processes or IT systems leading to higher expenses, operational losses, disruption of operations or reputational damage.

NN wants to become a more agile organisation, with the ability to respond faster to relevant developments, and by encouraging an entrepreneurial mindset. At the same time, risks must be managed well. We therefore use a risk control framework which ensures risks are understood and managed through effective controls, and that robust processes are in place that demonstrate the effectiveness of controls, and compliance with policies, standards and governance. Read more in the [Financial Report](#), Note 51 on [Risk Management](#).

Cyber risk: risk of cybersecurity attacks, leading to misuse or loss of information (including personal data breaches), discontinuity of operations, or financial or reputational loss.

Technological developments are reshaping our business model and impacting our operations. Increasing data volumes, mobilising data access, and making IT more agile and flexible have helped drive the adoption of cloud services. Working from home, as well as increased use of digital channels by clients and agents, increases our dependency on IT and proper business continuity measures. At the same time, the Covid-19 pandemic has led to an acceleration of digitalisation trends and the use of (new) technologies.

The Chief Information Officer and Information & Infrastructure Security functions ensure business continuity management, cyber-risk management and business information security via standardised, internationally-accepted frameworks, norms and technical guidelines that form the basis for managing IT and cyber risks within NN Group. For managing dependencies with external third parties, NN has an outsourcing policy and framework in place.



Facts and figures

Our approach to reporting

We take an integrated approach to reporting, and our Annual Report consists of two parts: this Annual Review and the Financial Report. It is prepared in accordance with Dutch law, relevant EU disclosure regulations and reporting standards.

Facts and figures – Our approach to reporting

Structure

In the Annual Review, we aim to provide a concise, accurate and balanced account of NN Group's financial and non-financial performance over the past year. It is structured around seven sections: About NN, Our operating environment, Our strategy, Creating value for our stakeholders, Safeguarding value creation, Governance and risk management, and Facts and figures. It is prepared in adherence to relevant non-financial disclosure regulations, such as the EU Non-Financial Reporting Directive.

In-depth information regarding our financial performance, can be found in the Financial Report. It is prepared in accordance with the International Financial Reporting Standards (IFRS), endorsed by the European Union.

NN Group also publishes a Solvency and Financial Condition Report, a Total Tax Contribution Report, and a Carbon Footprint Report. NN Investment Partners publishes a Responsible Investing Report. These reports provide additional information on specific topics and are published on the same date on NN Group's website in the Investors/Financial reports section.

We believe that this reporting strategy enables us to tailor our reporting for different stakeholders, who require different levels of detail. The online versions of the Annual Review and the Financial Report contain a number of links, including links to sources on the NN Group website.

Reporting profile

This is NN Group's seventh Annual Report since our separation from ING Group and becoming a publicly-listed company on 2 July 2014. It is published on 11 March 2021. We report annually, on a calendar year basis (1 January – 31 December).

Scope of the data in the Annual Review

The scope of the reported data is the range of entities over which NN Group has management control. This applies to all material items as depicted in the materiality matrix, unless otherwise stated.

The scope for community investment and environmental data is all businesses with more than 100 FTE (representing 99% of our total organisation).

Performance data

All financial data in this review is taken directly from NN Group's Financial Report.

For non-financial information and data on customer engagement we use NPS reporting and the Global Brand Health Monitor. The Human Resources (HR) data is directly sourced from our HR data analytics department. Data on responsible investment come from Aladdin and our proprietary system for logging engagements with issuers. For data related to community investment and our direct environmental footprint, NN Group uses an online system, Credit360. Our internal validation process, including the application of Credit360's validation rules ensures to limit any inaccuracies in the reported data.

Review and approval

Information in the Annual Report is based on extensive reporting from our businesses and functions in the countries where we are active. All information is reviewed by NN Group's Disclosure Committee and has been approved by our Executive Board and Supervisory Board before publication.

Relevant topics

Relevant topics were selected for the 2020 Annual Review, through a materiality assessment using internal and external research, and other sources. This assessment included a survey amongst internal and external stakeholders, see page 9.

Reporting guidelines

We aim to strengthen our integrated way of reporting every year. The Annual Review contains various elements from the International Integrated Reporting Council (IIRC) framework, such as our value creation model and a materiality matrix. This review strives to present relevant information about our strategy, governance, performance and future prospects in ways that are relevant to the economic, environmental and social contexts in which we operate.

The information and data in the Annual Review is prepared in accordance with the Standards (Core) from the Global Reporting Initiative (GRI). The GRI Index table shows against which indicators NN Group reports, and where to find the respective information in this Annual Review, the Financial Report and/or the NN Group website. This year also the 207 Tax Standard is included. The index table is published on NN Group's corporate website in the Investors/Financial Report section, where you can also find the Progress reports for the UN Principles for Sustainable Insurance and the UN Global Compact.

External assurance

The annual accounts of NN Group N.V., including the consolidated annual accounts and the parent company annual accounts, are audited by KPMG. For more information, refer to the Independent auditor's report on pages 187-203 of the Financial Report.

Furthermore, KPMG provided limited assurance on the non-financial information in the Annual Review. The scope of KPMG's assurance engagement is described in its assurance report. We provided evidence to our external auditor in support of the statements we make in this report. For more information, refer to the Assurance report of the independent auditor on pages 70-72 of this review.

NN Group's Total Tax Contribution Report was provided limited assurance by KPMG. For more information, refer to the Assurance report of the independent auditor on pages 26-29 of the Total Tax Contribution Report.

Going forward

Going forward, we will continue to tailor our reporting to serve different stakeholder groups. We will aim for further integration of financial and non-financial information to provide stakeholders with a complete picture of how we create long-term value for our company and our stakeholders.

Facts and figures

Consolidated balance sheet (in EUR million)

As at 31 December

	notes	2020	2019
Assets			
Cash and cash equivalents	3	12,382	6,436
Financial assets at fair value through profit or loss:	4		
- investments for risk of policyholders		34,797	34,433
- non-trading derivatives		14,833	10,189
- designated as at fair value through profit or loss		1,336	1,184
Available-for-sale investments	5	118,175	117,644
Loans	6	65,428	61,768
Reinsurance contracts	18	1,063	988
Associates and joint ventures	7	5,673	5,457
Real estate investments	8	2,444	2,571
Property and equipment	9	448	465
Intangible assets	10	1,063	995
Deferred acquisition costs	11	1,871	1,913
Assets held for sale	12	113	
Deferred tax assets	34	73	84
Other assets	13	4,039	4,470
Total assets		263,738	248,597
Equity			
Shareholders' equity (parent)		36,731	30,768
Minority interests		277	260
Undated subordinated notes		1,764	1,764
Total equity	14	38,772	32,792
Liabilities			
Subordinated debt	15	2,383	2,409
Debt securities issued	16	1,694	1,992
Other borrowed funds	17	7,542	7,614
Insurance and investment contracts	18	170,672	168,251
Customer deposits and other funds on deposit	19	15,803	15,161
Financial liabilities at fair value through profit or loss:	20		
- non-trading derivatives		4,012	3,232
Liabilities held for sale	12	93	
Deferred tax liabilities	34	6,329	4,030
Other liabilities	21	16,438	13,116
Total liabilities		224,966	215,805
Total equity and liabilities		263,738	248,597

References relate to the notes starting with Note 1 'Accounting policies' of the Financial Report. These form an integral part of the Consolidated annual accounts.

Facts and figures continued

Consolidated profit and loss account (in EUR million)

For the year ended 31 December

	notes	2020	2019
Gross premium income	22	13,822	14,508
Investment income	23	4,574	4,373
Result on disposals of group companies		100	8
- gross fee and commission income		1,042	1,037
- fee and commission expenses		-338	-328
Net fee and commission income:	24	704	709
Valuation results on non-trading derivatives	25	901	166
Foreign currency results		-434	-9
Share of result from associates and joint ventures	7	219	619
Other income		74	84
Total income		19,960	20,458
 - gross underwriting expenditure		17,316	20,024
- investment result for risk of policyholders		-1,733	-4,794
- reinsurance recoveries		-1,095	-237
Underwriting expenditure:	26	14,488	14,993
Amortisation of intangible assets and other impairments	27	27	32
Staff expenses	28	1,621	1,564
Interest expenses	29	511	519
Other operating expenses	30	964	921
Total expenses		17,611	18,029
 Result before tax		2,349	2,429
Taxation	34	423	444
Net result		1,926	1,985

Net result (in EUR million)

For the year ended 31 December

	2020	2019
Net result attributable to:		
Shareholders of the parent	1,904	1,962
Minority interests	22	23
Net result	1,926	1,985

Earnings per ordinary share

For the year ended 31 December and amounts in euros

	2020	2019
Earnings		
Basic earnings	5.88	5.76
Diluted earnings	5.87	5.75

Reference is made to Note 31 'Earnings per ordinary share' for the disclosure on the Earnings per ordinary share.

Key financial and non-financial indicators

Key financial indicators (in EUR million)

	2020	2019	2018
Operating result	1,889	1,794	1,626
Net result (after minority interests)	1,904	1,962	1,117
Operating capital generation	993	1,349	1,265
Solvency II ratio	210% ¹	224%	230%
Value of new business	266	358	391
Assets under Management (end of period, in EUR billion)	300	276	246
Dividend proposal (per ordinary share, in EUR)	2.33 ²	2.16 ³	1.90
NN Group share price (last trading day of the year, in EUR)	35.53	33.82	34.80

1 Includes NN Bank.

2 Pro-forma 2020 full-year dividend per share of EUR 2.33, comprising the 2020 interim dividend of EUR 0.86 plus the proposed 2020 final dividend of EUR 1.47.

3 Pro-forma 2019 full-year dividend per share of EUR 2.16, comprising the 2019 interim dividend of EUR 0.76 plus the suspended final dividend of EUR 1.40.

Key non-financial indicators

	2020	2019	2018
Customer engagement and brand consideration			
- insurance business units scoring above market average	4/11	4/11	8/12
- brand consideration ⁴	21%	25%	
Employee engagement score	7.9	7.4	7.2
- participation in the engagement survey ⁵	82%	82%	80%
Women in senior management positions ⁶	33%	36%	33%
ESG-integrated Assets under Management (% of total AuM)	74%	68%	
Donations to charitable organisations (x EUR 1,000) ⁷	4,704	3,200	2,700

4 Percentage for 2019 is based on the average brand consideration score from 2017 to 2019.

5 Employee engagement score and the percentage of participation consists of internal and external employees (2019 and 2018 data are adjusted to this scope).

6 In 2020, the target group for this indicator was adjusted to Management Board and Management Board minus one managerial position (instead of the composition of our Senior Leaders Group).

7 Includes cash donations to charitable causes, corporate foundations and partnerships.

Sustainability indices and ratings

	2020	2019	2018
Indices			
Dow Jones Sustainability Index (out of 100)	84 (Included)	78 (Included)	77 (Included)
FTSE4Good	Included	Included	Included
VigeoEiris Euronext: 120	Not included	Included	Included
Bloomberg Gender-Equality Index	Included	Included	Included
Ratings and benchmarks			
Sustainalytics ⁸	18.6/100 (low risk)	16.0/100 (low risk)	1/146 (Leader)
MSCI	AA	A	A
ISS Oekom	C+	C (Prime)	C (Prime)
CDP (Carbon Disclosure Project)	A-	C	B
Transparency Benchmark Netherlands ⁹			50%

8 Sustainalytics changed its research method (2018 scores: position NN Group out of number of insurance companies) and since 2019 provides ESG Risk Ratings scoring companies on their ESG risks from negligible (0-10), low (10-20), medium (20-30), high (30-40) to severe risk (40-100).

9 The Transparency Benchmark takes place on a bi-annual basis. The relative score of 50% represents a 78th position out of 240 companies.

Key financial and non-financial indicators continued

Responsible investment indicators (in EUR billion)

	2020	2019	2018
Total investment strategies integrating ESG factors (end of period)	223.4	188.8	
- as part of total Assets under Management NN Investment Partners	74%	68%	
ESG-integrated strategies	194.3	166.1	
Sustainable strategies	22.8	19.3	14.9
Impact strategies	6.3	3.5	1.6
Voting			
Shareholders meetings where we voted	3,053	2,752	2,118
- as % of total votable meetings	98%	99%	97%
Agenda items on which we voted	35,015	31,775	26,839
How we voted on agenda items (%)			
- for	82%	83.2%	87.5%
- against	16%	14.5%	12.2%
- abstain/other	2%	2.3%	0.3%
Countries where we voted	60	61	58
Shareholder resolutions on which we voted by topic	683	706	596
- environmental	57	74	40
- social	151	147	119
- governance	475	485	437
GRESB Real Estate Assessment scores¹			
Private real estate – portfolio average (vs. benchmark average)	83 (70)	85 (77)	80 (66)

¹ NN calculates the GRESB scores on a value-weighted basis, and compares these to the relevant benchmark average. Scores are on a scale of 1 to 100. The real estate portfolios are part of NN Group's proprietary assets. Due to fundamental changes to the 2020 GRESB Assessment structure, the 2020 scores cannot be compared with previous years.

Carbon footprint of NN Group's proprietary assets

	2020	2019	2018
Assessed Assets under Management (in EUR billion)	175	165	108
Fixed income	113	113	104
Equity	6	5	3
Residential mortgages	49	47	
Real estate investments	7		
Carbon Footprint (tCO₂e/EURm invested)²	72	73	146
Fixed income	97	93	146
Equity	112	130	153
Residential mortgages	19	19	
Real estate investments	6		
Weighted Average Carbon Intensity (tCO₂e/EURm of revenue) – Fixed income and listed equity	106	106	107
Government bonds	42	39	42
Corporate fixed income	259	284	318
Equity	202	228	213

² The decline in the Carbon Footprint (tCO₂e/EURm invested) metric for Fixed Income and Equity in 2019 compared to 2018 was mainly attributed to methodology change; we started using a company's enterprise value as a denominator to attribute emissions to both equity and debt positions.

Carbon footprinting can help us understand carbon and climate change-related risks within our investment portfolio, and can also be useful to inform corporate engagement. In the context of an investment portfolio, a carbon footprint measures the amount of greenhouse gas (GHG) emissions and intensity associated with the underlying portfolio holdings. The footprint is measured in carbon dioxide equivalents (CO₂e).

Key financial and non-financial indicators continued

Scope of our carbon footprint disclosure

In 2020, we measured the carbon footprint of our private real estate portfolio for the first time. This brought the assessed AuM up to EUR 175 billion. This represents 80% of our total asset portfolio which comprises general account assets of the insurance entities, and the assets of NN Bank and NN Group. The main asset types that were not in scope of this carbon footprint analysis included cash, derivatives and private equity. The fixed income holdings that we assessed included government bonds and corporate fixed income securities. The corporate fixed income portfolio comprised mainly corporate bonds, but also asset-backed securities and loans (although the data availability on these two asset categories was limited).

This is the first year that we disclose the carbon footprint of our real estate investment portfolio. Our measurement includes the scope 1 and 2 emissions of NN's direct investments in real estate properties and our indirect investments via non-listed real estate funds. It should be noted that this carbon footprint result might not yet provide the complete picture of carbon footprint of our real estate portfolio as data quality as well as coverage is expected to improve further in the future. More information on the methodology and results can be found in a separate report, called 'Analysis of carbon footprint of proprietary assets', published on the NN Group website.

Human capital indicators

	2020	2019	2018
Workforce (end of year)			
Total full-time equivalents (FTEs) ¹	14,942	14,913	14,492
Total number of employees (headcount)	15,118	15,194	14,953
- Netherlands Life & Pensions	2,261	2,485	2,620
- Netherlands Non-life	3,182	3,109	2,906
- Netherlands Bank	947	894	834
- Insurance Europe	4,740	4,975	4,688
- Japan	883	868	899
- Asset Management	975	978	1,017
- Other	2,130	1,885	1,989
Part-time employees ¹	16.0%	17.0%	20.6%
Temporary employees	6.0%	5.9%	6.1%
Average years of service	12.3	12.2	12.8
Male/female ratio	52/48	52/48	52/48
Male/female ratio managers	63/37	63/37	65/35
Male/female ratio in senior management group ²	67/33	64/36	67/33
Well-being and engagement			
Sick leave ³	3.1%	3.5%	3.6%
Engagement score	7.9	7.4	7.2
Participation in engagement survey ⁴	82%	82%	80%
Grievances on labour practices	12	14	18
Employee participation			
Employees covered by Collective Labour Agreement (CLA)	75%	75.5%	76.9%
Employees represented by an employee representative body	84%	80%	85%
Formal meetings held with employee representative bodies	188	173	134
Talent development			
Total spending on training and development (in EUR million)	12.9	18.9	21.5
Spending/average FTE (in EUR thousand)	874	1,291	1,469
Human capital return on investment ⁵	2.4	2.4	2.3
Employees with completed standard performance process	92.8%	96.8%	91.8%

1 Different number in FTE reflects changes due to the CLA in the Netherlands; Delta Lloyd used to count for 38 hours per week as FTE (instead of 36 hours per week as FTE). This also has an impact on the (lower) number of part-time employees.

2 In 2020, the target group for this indicator was adjusted to Management Board and Management Board minus one managerial position (instead of the composition of our Senior Leaders Group).

3 For 2020 and 2019 the scope is global. For previous years, the scope was Netherlands only; this counts for 60% of the total organisation.

4 Employee engagement score and the percentage of participation consists of internal and external employees (2019 and 2018 data are adjusted to this scope).

5 Human capital ROI is calculated as: (operating result ongoing business + employee expenses)/employee expenses.

Key financial and non-financial indicators continued

Human capital indicators continued

	2020	2019	2018
Employee turnover			
New hires	1,768	2,314	1,674
Employee turnover	10.2%	13.4%	15.0%
- voluntary employee turnover	5.3%	7.7%	7.9%
- involuntary employee turnover	4.9%	5.6%	7.1%
Open positions filled by internal candidates	36.2%	34.9%	46.7%
Whistleblower concerns filed	2	4	7
- of which investigated by Corporate Security & Investigations	1	3	4
Other incidents and concerns	66	95	100
Measures taken, related to:	6	6	14
- fraud (and alleged fraud)	0	1	7
- unethical behaviour	6	5	6
- conflict of interest	0	0	1
Employee compensation			
Total employee wages and benefits (in EUR million)	1,608	1,545	1,500
Ratio of CEO compensation to the average employee compensation ¹	30:1	26:1	30:1

1 The calculation method was adjusted to already comply with the new prescribed method of the Dutch Monitoring Commission Corporate Governance as published on 14 December 2020. Compared with previous years, the pay ratio calculation includes components of variable remuneration under IFRS-EU and social security costs. For more information, refer to the Remuneration report on page 42 of the Financial Report.

Community investment indicators

	2020	2019	2018
Total donations to charitable organisations (x EUR 1,000) ²	4,700	3,200	2,700
Total hours of volunteering work (in Future Matters focus areas)	7,991	12,481	13,236
Total number of young people reached through NN Future Matters programme ³	15,834	25,421	38,536
Total number of households reached through the From Debt to Opportunities programme	2,603	2,983	2,468

2 Includes cash donations to charitable causes, corporate foundations and partnerships

3 Numbers reached include partnership with JA and EP-Nuffic, the Future Matters anniversary donations and main Dutch programmes (excluding the From Debt to Opportunities programme).

Key financial and non-financial indicators continued

Environmental indicators

	2020	2019	2018
CO₂ emissions of our direct operations¹			
% of CO ₂ emissions offset annually	100%	100%	100%
CO ₂ emissions (kilotonnes)	13	23	24
CO ₂ emissions from energy consumed on NN sites	5	7	8
- of which electricity	3	4	6
- of which natural gas	1	1	2
- of which district heating	1	1	1
CO ₂ emissions from air travel	1	6	7
CO ₂ emissions from car travel	7	10	10
CO ₂ emissions (tonnes)/FTE	0.9	1.5	1.7
Business travel			
Air travel (km x 1 million)	4	30	28
Car travel (km x 1 million)	37	45	44
Energy consumption			
Total energy consumption (MWh x 1,000)	33	47	53
Electricity	6	9	12
Renewable electricity	16	23	23
- renewable electricity as % of total electricity	72%	72%	66%
Natural gas	4	6	8
District heating	8	9	10
Paper			
Total paper use (kg)	110,372	285,028	457,139
- sustainable paper (i.e. FSC) (kg)	65,279	182,260	357,450
- sustainable paper as % of total paper	59%	64%	78%
Waste²			
Total waste (kg)	424,749	632,679	387,139
- recycled waste (kg)	170,704	366,146	243,891
- recycled waste as % of total waste	40%	58%	63%

1 Certain emissions figures for 2019 and 2018 have been restated due to revised emission factors.

2 Increase in total waste for 2019 due to refurbishment of the NN Group headquarters in The Hague.

Assurance report of the independent auditor



Assurance report of the independent auditor

To: the Stakeholders and the Supervisory Board of NN Group N.V.

Our conclusion

We have reviewed the Non-Financial Information in the Annual Review for the year ended 31 December 2020 (hereafter: the Non-Financial Information) of NN Group N.V. (hereafter: NN Group) based in Amsterdam and headquartered in The Hague. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed, nothing has come to our attention that causes us to believe that the information relating to material non-financial topics (for selection of topics, see page 9) is not prepared, in all material respects, in accordance with the reporting criteria as described in the section 'Reporting criteria' of our report.

The Non-Financial Information comprises a representation of the performance of NN Group on its non-financial KPIs, and the thereto related, business operations, events and achievements during the year. NN Group is the parent company of a group of entities. The Report incorporates the consolidated information of this group of entities to the extent as specified in 'Our approach to reporting' in the Report.

Basis for our opinion

We have performed our review on the Non-Financial Information in accordance with Dutch law, including Dutch Standard 3810N: 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports).

We are independent of NN Group N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Reporting criteria

The Non-Financial Information needs to be read and understood together with the reporting criteria. NN Group is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the Non-Financial Information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied internal reporting criteria as disclosed on page 62 of the Report.

KPMG Accountants N.V., registered with the trade register in the Netherlands under number 33263683, is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

Assurance report of the independent auditor continued



Limitations to the scope of our review

The Non-Financial Information includes prospective information such as ambitions, strategy, plans, expectations and estimates, and risk assessments. Inherently the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Non-Financial Information.

Responsibilities of the Executive Board and the Supervisory Board for the Non-Financial Information

The Executive Board of NN Group is responsible for the preparation of the Non-Financial Information in accordance with the GRI Standards and the applied supplemental reporting criteria as disclosed on page 62 of the Report, including the identification of stakeholders and the definition of material matters (see page 9). The choices made by the Executive Board regarding the scope of the Non-Financial Information and the reporting policy are summarised in 'Our approach to reporting' of the Report. The Executive Board is also responsible for such internal control as it determines is necessary to enable the preparation of the Non-Financial Information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing NN Group's reporting process.

Our responsibilities for the review of the Non-Financial Information

Our objective is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determining the plausibility of information and vary in nature and timing from, and are less in extent, than for an audit engagement. The level of assurance obtained in review engagements with a limited level of assurance is therefore substantially less than the assurance obtained in audit engagements.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Non-Financial Information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations on quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

The measures taken to limit the outbreak of the COVID-19 virus have impacted the manner in which we have planned and conducted our assurance procedures. We have also considered the implications for the non-financial reporting process, assessed the internal controls embedded therein particularly focusing on the material topics for the 2020 reporting, and the implications for management oversight. We performed our assurance procedures completely remotely. This had practical implications for the way in which we

Assurance report of the independent auditor continued



updated our understanding of process activities and controls, but we were able to make use of technology for observation, inspection and test of detail against authentic source documents.

Our review engagement included, among others, the following procedures:

- Performing an analysis of the external environment and obtaining an understanding of relevant societal themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the Non-Financial Information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by management;
- Obtaining an understanding of the reporting processes for the Non-Financial Information, including obtaining a general understanding of internal control relevant to our review;
- Identifying areas of the Non-Financial Information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the Non-Financial Information responsive to this risk analysis. These procedures included among others:
 - Interviewing management and relevant staff at corporate level responsible for the non-financial strategy, policy and results;
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the Non-Financial Information;
 - Obtaining assurance information that the Non-Financial Information reconciles with underlying records of the company;
 - Reviewing, on a limited test basis, relevant internal and external documentation;
 - Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level.
- Evaluating the consistency of the Non-Financial Information with the information in the report which is not included in the scope of our review;
- Evaluating the presentation, structure and content of the Non-Financial Information;
- To consider whether the Non-Financial Information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amstelveen, 10 March 2021

KPMG Accountants N.V.

P.A.M. de Wit, RA

Glossary

Assets under Management (AuM) in sustainable and impact strategies	Assets managed with a specific focus on sustainability, for example strategies that focus on today's and tomorrow's sustainability leaders and companies that make a clear positive contribution to the UN SDGs.
Carbon Disclosure Project (CDP)	A global disclosure system for companies, cities, states and regions to manage their environmental impacts, and for investors and purchasers to access environmental information for use in financial decisions.
Central Works Council (CWC)	Required by the Dutch Works Council Act 2013, a standing works council formed by representatives from, in NN Group's case, eight Dutch work councils. The NN CWC is informed and/or consulted about important NN Group developments in the Netherlands, and about developments internationally to the extent that they influence Dutch interests.
COLI	Corporate-owned life insurance.
EIOPA	European Insurance and Occupational Pensions Authority. EIOPA focuses on providing a sound regulatory framework for and consistent supervision of insurance and occupational pensions sectors in Europe, and is an independent advisory body to the European Commission, the European Parliament and the Council of the European Union.
Engagement survey	A questionnaire measuring how a company's brand and values are experienced by its employees, how its leaders live up to the standards the company sets, and how the company fulfils its employee value proposition as an organisation.
Environmental, social and governance (ESG) factors	A subset of non-financial performance indicators concerning sustainable, ethical and corporate governance issues, such as managing the company's carbon footprint and having systems in place to ensure accountability.
Financial economic crime (FEC)	Involvement in money laundering, the funding of terrorism or other criminal activities that could harm stakeholder confidence in a financial services provider such as NN.
Financial sector oath or promise	An ethical statement introduced in early 2013 for employees in the Dutch financial sector, along with the introduction of a social charter and update of the Banking Code. It applies to employees of banks and other financial enterprises, including insurance companies, investment firms and financial service providers. By taking the oath, employees declare that they are bound by a code of conduct to the ethical and careful practice of their profession.
General Data Protection Regulation (GDPR)	Regulation by which the European Parliament, Council of the European Union and European Commission aim to unify data protection for all individuals within the European Union. The GDPR came into effect on 25 May 2018.
Global Real Estate Sustainability Benchmark (GRESB)	An industry-driven organisation committed to assessing the sustainability performance of real assets globally, including real estate portfolios. On behalf of close to 60 institutional investors, GRESB Real Estate has assessed almost 1,000 property companies and funds globally.
Global Reporting Initiative (GRI)	An international independent standards organisation that helps businesses, governments and other organisations understand and communicate their impact on issues such as climate change, human rights and corruption.
International Integrated Reporting Council (IIRC)	A global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs that promotes communication about value creation as the next step in the evolution of corporate reporting.
Materiality matrix	Presents the trends and topics that are considered to have a potential impact on a company, and/or on its stakeholders. Likelihood, location and a specific timeframe are taken into account.
Net Promoter Score (NPS)	A management tool to gauge the loyalty of a firm's customer relationships. It serves as an alternative to traditional customer satisfaction research.
Non-Governmental Organisation (NGO)	An organisation that is neither part of a government nor a conventional for-profit business. Usually set up by citizens, NGOs may be funded by governments, foundations, businesses or private individuals.

Glossary continued

NN CCT	NN Corona Coordination Team, consisting of representatives from relevant staff functions (Legal, Compliance, Risk, Communications, IT, HR) and businesses, with the aim to monitor Covid-19 developments, advise the Management Board and to support a safe and smooth transition process.
NN Future Matters	The global community investment programme for NN Group. It aims to empower people in the markets where we operate to improve their financial well-being, and support them in growing their economic opportunities.
NN Group Compliance Charter	A policy set in place by NN Group to help businesses manage their compliance risks effectively and to set out the responsibilities on compliance risk management for the business and the compliance function.
OECD	The Organisation for Economic Co-operation and Development, an international organisation, established after World War II, with the aim to shape policies that foster prosperity, equality, opportunity and well-being for all.
Operating Capital Generation (OCG)	The movement in the solvency surplus (Own Funds before eligibility over SCR at 100%) in the period due to operating items, including the impact of new business, expected investment returns in excess of the unwind of liabilities, release of the risk margin, operating variances, Non-life underwriting result, contribution of non-Solvency II entities and holding expenses and debt costs and the change in the SCR. It excludes economic variances, economic assumption changes and non-operating expenses.
Product approval and review process (PARP)	The assessment of a product in relation to its customer suitability, financial and non-financial risks, and profitability. NN Group conducts a PARP when it introduces a new product, changes the characteristics of an existing product, or reviews a product. This is to ensure the product is acceptable to our company, our customers and society in general.
Report of the management board	The NN Group N.V. 2020 Report of the management board (Bestuursverslag), as referred to in section 2:391 of the Dutch Civil Code. It includes the Annual Review and the following chapters in the Financial Report: Financial Developments, the Report of the Supervisory Board, Corporate Governance, the Remuneration Report, and the Dutch Financial Supervision Act and Dutch Corporate Governance Code statements.
Responsible Investment (RI) Framework policy	Sets out a company's vision, approach and key principles on responsible investment. NN Group defines RI as the systematic integration of relevant ESG factors into investment decision-making and active ownership practices.
SME	Small- and medium-sized enterprise.
Sustainable Development Goals (SDGs)	Also known as the Global Goals, these are 17 global goals set in 2015 by the UN General Assembly to be achieved by 2030. They form a universal call-to-action to end poverty, protect the planet, and ensure all people can enjoy peace and prosperity.
Task Force on Climate-related Financial Disclosures (TCFD)	An industry-led initiative of the Financial Stability Board to develop recommendations on climate-related financial disclosures. The Task Force published its final recommendations in June 2017.
UN Global Compact	A UN initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and report on their implementation. It is a principle-based framework for business containing ten principles in the areas of human rights, labour, environment and anti-corruption.

Contact and legal information

We welcome input from our stakeholders.
If you would like to provide us with feedback,
please feel free to contact us.

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For further information on NN Group's sustainability strategy, policies and performance, please visit <https://www.nn-group.com/sustainability.htm> or contact us via sustainability@nn-group.com

Disclaimer

NN Group's 2020 Annual Report consists of two documents: the 2020 Annual Review and the 2020 Financial Report. More information – for example the Solvency and Financial Condition Report (SFCR) and the GRI Index Table – is available on the corporate website in the Investors/Financial Report section.

Small differences are possible in the tables due to rounding.

Certain of the statements in this 2020 Annual Report are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) the effects of the Covid-19 pandemic and related response measures, including lockdowns and travel restrictions, on economic conditions in countries in which NN Group operates, on NN Group's business and operations and on NN Group's employees, customers and counterparties, (3) changes in performance of financial markets, including developing markets, (4) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (5) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations and the interpretation and application thereof, (14) changes in the policies and actions of governments and/or regulatory authorities, (15) conclusions with regard to accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit and financial strength ratings, (18) NN Group's ability to achieve projected operational synergies, (19) catastrophes and terrorist-related events, (20) adverse developments in legal and other proceedings and (21) the other risks and uncertainties detailed in the Risk management section and/or contained in recent public disclosures made by NN Group and/or related to NN Group.

Any forward-looking statements made by or on behalf of NN Group in this Annual Report speak only as of the date they are made, and, NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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