

**Sustainability matters** are environmental, social and governance matters including climate change, employee and human rights, anti-corruption and anti-bribery.

- **Environmental matters:** climate change, other forms of environmental degradation (e.g. air pollution, water pollution, scarcity of fresh water, land contamination, biodiversity loss and deforestation, in addition to corrective policy actions aimed at addressing such matters. Climate change is further divided into
  - a. transitional effects resulting from the transition to a green economy, and
  - b. physical effects resulting from changes in weather patterns, temperature, hydrological conditions or natural ecosystems (both acute and longer-term shifts).
- **Social matters:** rights, well-being and interests of people and communities, including human rights, (in)equality, health, inclusiveness, diversity, employee rights and labour relations, workplace health and safety.
- **Governance matters:** pursuing or applying proper governance practices, including executive leadership, executive pay, audits, internal controls, responsible tax practices, board independence, shareholder rights, anti-corruption and anti-bribery, and also the way in which companies or entities include environmental and social matters in their policies and procedures.

Sustainability matters that are material to NN Group are identified based on the *concept of double materiality*:

- **Impact materiality:** looks inside-out at whether NN Group can positively or negatively impact sustainability matters; and
- **Financial materiality:** looks outside-in at whether sustainability matters can impact NN Group's financial position in the form of risks and/or opportunities.

Sustainability matters are associated with underlying definitions of impacts, risks or opportunities. We refer to these impacts, risks and opportunities as 'IROs':

- **Sustainability impacts** are positive/negative impacts, related to sustainability matters, on people and the environment that are created/caused by, or (in)directly linked to NN Group's activities (strategy, investment decisions, underwriting, banking and own operations, and business partners).
- **Sustainability risks** are risks related to sustainability matters that can cause negative impact on NN Group's long-term performance, reputation, value, balance sheet or operations. Note: we refer to risks for NN Group, not for customers. The latter are typically covered under product suitability risks, i.e. properly informing and advising the right product to customers.
- **Sustainability opportunities** are opportunities related to sustainability matters that can create a positive contribution to NN Group's financial and/or strategic targets, reputation and/or balance sheet.