

# Active Ownership

NN Group N.V.

April 2025



# You matter

We believe that people want to live life to the fullest. We empower them to do just that – through every stage of their lives – by providing sound financial products and services, by being a trusted advisor, and by contributing to the well-being of society. In times of prosperity and in times of uncertainty. We are steadfast in our commitment to help people care for what matters most to them.

What matters to you, matters to us.



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[www.nn-group.com](http://www.nn-group.com)

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# Active Ownership at NN Group

Active ownership is a key part of NN Group's responsible investment (RI) approach. We recognise that exercising voting rights and engaging in dialogue with investee companies are effective ways to try to stimulate corporate change.



## Introduction

NN Group is committed to investing its assets responsibly and promoting sustainable growth. Active ownership is a key element of our responsible investing framework, and we recognise that it is an effective way of encouraging corporate change and driving decarbonisation in the real economy. Our active ownership approach at NN Group encompasses dialogues with companies and other entities we invest in, the exercise of our voting rights as shareholders, and collaborative engagement with, for example, industry bodies and fellow investors, and policy advocacy. We believe that this not only has a positive impact on our business and the environment in which we operate but also contributes to the financial performance of individual investments. In our engagements, we focus on meaningful dialogue and the promotion of policies that align with our ESG criteria and net-zero ambition. Through our active ownership, we are dedicated to promoting an equitable and low-carbon economy while enhancing the value of our investments.

## Purpose of this report

This 2025 update is our third active ownership report, providing an overview of our engagement and voting activities for proprietary assets<sup>1</sup>. It explores our engagement activities in listed equities, corporate fixed income and introduces our approach to engaging with sovereign entities. It details our policies, engagement outcomes, and voting activities. The report also highlights industry collaborations, and where possible provides an indication of the next steps in our stewardship journey for the coming years. One example of such a collaboration is a research project with Deltares, WWF and peers to enhance the understanding of water-related risks for investors.

<sup>1</sup> Proprietary assets are those assets held for our own account – assets that are on the balance sheet and where we hold the investment risk. These comprise the general account investment portfolio of the insurance entities, the assets of NN Bank and the holding assets of NN Group.

<sup>2</sup> These policies can be found on the [NN Group website](#).

## Enhancing our approach

In order to achieve our objectives, we aim to develop a clear engagement process incorporating expectations for our investees, including specific milestones and targets. In 2024, we introduced an enhanced active ownership framework consisting of four components: External Partner Due Diligence, Coverage, Progress, and Outcomes. We used this framework to focus on climate change and net zero, defining key engagement objectives and mapping them across our portfolio. We compared these objectives with existing alignment criteria to identify gaps and provided feedback to our external partners. The report shows progress and outcomes. We will expand this framework to include other engagement themes such as Biodiversity & Natural Capital in the coming years.

We also built on our relationships with our external asset managers and engagement service providers to ensure we are represented through effective stewardship activities and expanded our participation in industry initiatives and collaborative engagements.

## Embedding active ownership

Our active ownership approach is part of NN Group's Responsible Investment (RI) Framework policy, which supports the systematic incorporation of ESG risks and opportunities into the investment process across NN Group's business units, Investment Office, and other relevant functions. Our Voting and Engagement policies for Proprietary Assets are aligned with this framework<sup>2</sup>.

The oversight and steering of the active ownership responsibilities for the proprietary investment portfolio is performed by the RI Committee, which reports on progress and challenges at least once a year to the NN Group Management Board. The RI team advises the Management Board on the overall approach to RI, and is responsible for implementing the RI Framework policy, including related active ownership policies and practices. The experts in this team work closely together with different business units and Group Support Functions to embed sustainability matters in the overall investment strategy.





# Engagement

Engagement is an important part of our RI approach. Engaging with the companies we invest in allows NN Group and its asset managers to better understand the risks and opportunities associated with each specific investment. NN Group also believes in using engagement to create beneficial change by encouraging companies to improve their environmental, social and governance (ESG) practices and to mitigate adverse impact on sustainability factors.



### Engage or restrict?

NN Group aims to engage with companies and promote positive change. However, in some cases, we find it necessary to restrict investment. We view this as a last resort because adding a company to our exclusion list limits our ability to encourage them to improve and to implement sustainable practices into their business operations. This is why we prefer an engagement-led divestment approach, restricting companies only when engagement is not feasible or is unlikely to change their conduct or involvement in certain business activities.

### Types of engagement

We use internationally accepted standards of corporate behaviour as the starting point for our engagement. These include the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and the UN Guiding Principles on Business and Human Rights. We distinguish between two types of engagement:

- **Controversy engagement** focuses on companies that severely and structurally breach our norms-based criteria in the areas of governance, human rights, labour, environment, and bribery and corruption.
- **Thematic engagement** focuses on different themes that have a material impact on society, and where we believe our engagement efforts can achieve beneficial change. The exact engagement themes are selected in consultation with internal and external stakeholders.

How NN Group engages with companies depends on the specific company case and our investment exposure. As an asset owner, we delegate most of our engagement activities to our external partners. This enables us to pool our assets with other peers, maximising our engagement impact.

Our RI team works closely with these parties. We have a number of options when it comes to implementing our engagement approach such as:

- **Direct engagements** led and carried out by the NN Group RI team.
- **Collaborative engagements** where NN Group either leads or is represented by our peers.
- Engagements carried out by **our external engagement service provider**.
- Engagements carried out by our **external asset managers**.

### Engagement in practice

In the case of engagements carried out either directly by NN Group or by external parties, the engagement approach and objectives are tailor-made for each specific theme and company. To have the most impact, we first carefully analyse a problem in detail to determine our engagement theme. We then identify the value chain linked to that theme in order to select those companies where engagement is most needed and can be most effective. Before we contact our engagement candidates, we create a theme-specific methodology with objectives and milestones for each company.

Our controversy engagements typically last for a three-year period unless the engagement feasibility changes within the period, or the company has become aligned with our norms-based criteria. We have a Controversy and Engagement Council that meets on a quarterly basis to monitor engagement progress, irrespective of whether the engagement is directly undertaken by NN Group, through collaborations, or through our partners.

We have also developed a number of escalation measures in cases when our objectives are not being achieved, but where engagement is still deemed feasible. These can be applied in a number of situations for both corporate fixed income and equity holdings. Measures include contacting the company with a formal letter setting out our objectives and the planned actions if our expectations are not met, or meeting board members or other company representatives in person to raise issues. We can also

seek dialogue with other stakeholders such as investor alliances, NGOs or labour unions.

### Engagement collaborations

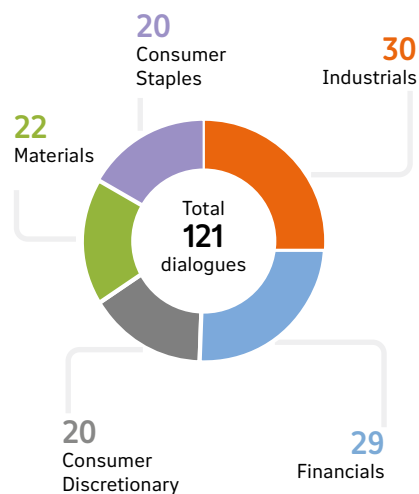
NN Group collaborates with other investors through initiatives to achieve maximum investor influence and to pool resources and expertise, all within legal boundaries. The RI team coordinates these collaborative efforts to ensure consistency and alignment and avoid duplication. For example, we participate in initiatives such as the Dutch Climate Coalition (DCC) and Platform Living Wage Financials (PLWF). Collaboration is crucial if we are to effectively address the many themes that we work on, such as living wage, human rights, and low-carbon transition. Given the deeply ingrained nature of some of these issues in society, industry-wide collaborations provide a powerful means to drive fundamental change and achieve lasting impact.

## Key engagement activities for 2024

Year-to-date figures up to and including December 2024

### Top five engaged sectors

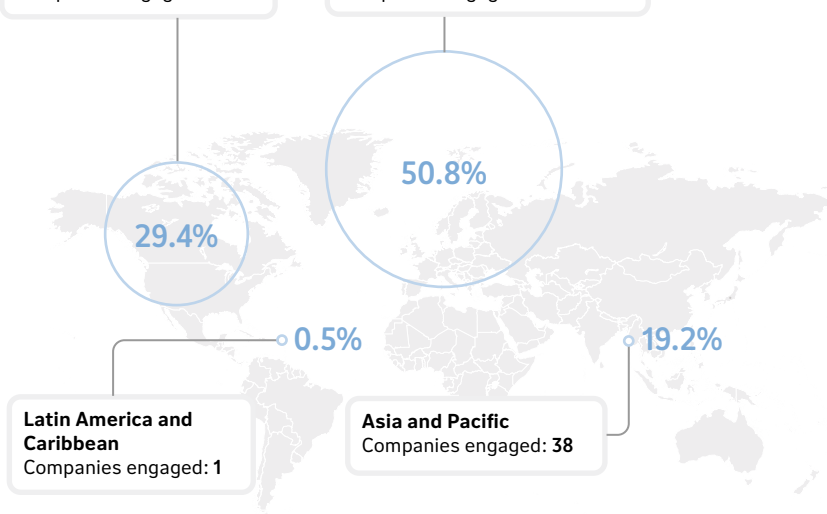
Companies engaged by sector



### Number of companies engaged by region (197 in total)

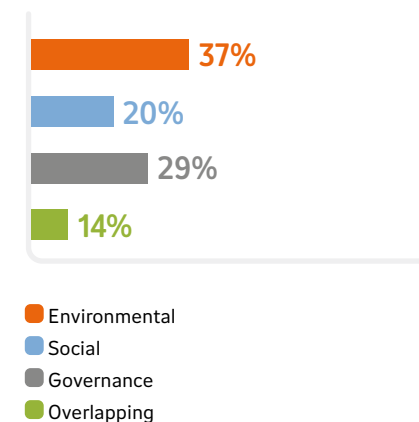
**United States and Canada**  
Companies engaged: 58

**Europe**  
Companies engaged: 100



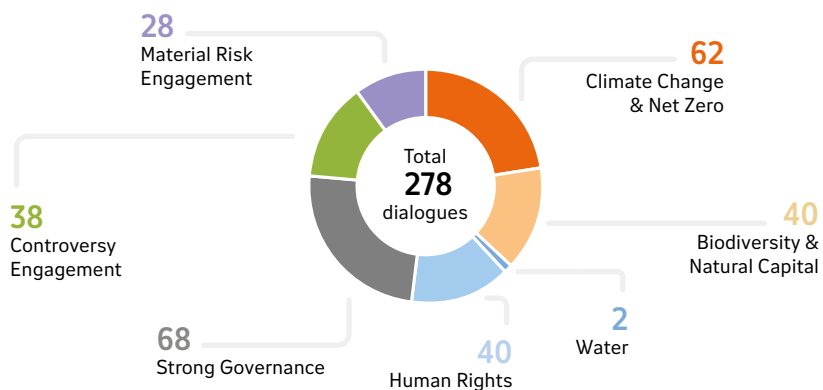
### Per ESG Issue

Dialogue and activity mapped to engagement topics. Each dialogue can be mapped to one or more ESG issues.



### Per engagement topic

Dialogue and activity mapped to engagement topics. Each dialogue can be mapped to one or more topics.



Note: In counting the total number of companies engaged, we count companies only once even if they were engaged on multiple themes. There is some double counting in the number of dialogues as some covered more than one topic. For the climate change & net zero engagements we only include those CA100+ engagements where our external partners actively participated. The methodology for our Paris alignment threshold objective is slightly different as outlined on page 13.



In 2024, a total of 197 companies in our portfolio were engaged on ESG-related issues, 121 of which fall into the top five engaged sector categories shown in the chart on the previous page. A total of 278 dialogues were carried out with these companies across seven engagement topics. These are our five focus thematic engagement topics (see page 13) and controversy and material risk engagements. Compared to 2023, engagement on human rights' topics has increased notably, followed by biodiversity & natural capital, and controversy engagement.

### Controversy engagement

NN Group has established norms-based RI criteria that focus on governance, human rights, labour, environment, and bribery and corruption. These criteria are considered a minimum requirement for managing proprietary assets. If a company severely and structurally breaches these criteria, we initiate a formal engagement process.

The Controversy and Engagement Council plays a key role in monitoring and overseeing our direct, collaborative, and delegated controversy engagement activities. Established in 2023, the Council is chaired by the Active Ownership function of the Responsible Investment team, with members from our Investment Office and Sustainability & Social Impact department.

The Council meets on a quarterly basis to discuss progress on engagement activities and determine necessary steps to achieve engagement objectives at the individual company level. In addition to its oversight and advisory function, the Council provides input and recommendations to the RI Committee, which validates whether engagement remains feasible or if a company should be added to the NN Group Restricted List.

Potential violations of NN Group's norms-based RI criteria can be flagged by external ESG research or engagement providers, input from asset managers, information from NGOs or media sources, and our own research. If such concerns arise, the Council is responsible for determining whether they constitute a violation.

If a violation is detected and the Council decides that engagement is feasible, the company in question will be included in our engagement programme. The company can then be engaged directly, by external asset managers and/or our external engagement service provider.

### Case study

## Assessments of the Controversy & Engagement Council in 2024

During 2024, the Council evaluated several companies for controversial behaviour and proposed changes to the restricted list for proprietary assets. Five companies were recommended for addition due to severe ethical concerns and low engagement feasibility, while two were suggested for removal following successful remediation and resolution of past issues.

The reasons for proposing these companies be **added** to the restricted list are related to:

- **Severe business ethics violations:** A Chinese real estate conglomerate, a Thai investment holding company, and a Malaysian engineering company were flagged for serious business ethics incidents, including accounting fraud. These issues posed significant financial and reputational risks.
- **Human rights concerns:** A Chinese chemical company and an Egyptian investment holding company were highlighted for their operations in regions sensitive to human rights violations and have not demonstrated sufficient steps to address these concerns.
- **Low engagement feasibility:** The Council observed the low probability of successful engagement with these companies. For example, the Chinese real estate conglomerate has been unresponsive to engagement efforts.

The companies recommended to be **removed** from the restricted list had addressed their past controversies (relating to bribery and corruption) effectively:

- **Public admission and remediation:** A Japanese steel company publicly admitted to misconduct and took significant steps to resolve the issue. The company's compliance with global norms and absence of new incidents justified its removal.
- **Organisational restructuring:** A UK health company underwent a comprehensive reorganisation, creating a new entity and appointing a new Board of Directors. The company's proactive measures in reducing stakeholder impact and avoiding further violations warranted its removal from the restricted list.

The Council's recommendations were made to the RI Committee and action was taken in accordance with the Council's advice.

## Case study

# Monitoring labour framework implementation at a global business process outsourcing company

In recent years, Teleperformance's subsidiaries have faced allegations of hindering workers' freedom of association. In April 2020, this culminated in a complaint focusing on labour issues in various countries where the company operates, filed by UNI Global Union with the French OECD National Contact Point (NCP). In December 2022, Teleperformance and UNI Global Union signed an agreement setting out global principles and standards and aiming to strengthen workers' rights to form unions and engage in collective bargaining.

NN Group has been following Teleperformance and UNI Global Union's activities over the last few years, participating in joint calls with both parties in early 2024 and again with Teleperformance in the last quarter of 2024 together with our external engagement service provider. This last call focused on the implementation of the global agreement with UNI Global Union, recent acquisitions, and the enhancement of employee engagement and grievance mechanisms.

Teleperformance reported that implementation of the agreement is progressing well: the company has signed additional agreements in Romania, Poland, Jamaica, and Ecuador, Ireland and Chile – covering approximately 80,000 people – and negotiations are underway in Kenya.

Though there have been no major challenges to the agreement's implementation, the company acknowledged that the collaboration with UNI Global got off to a difficult start and that efforts have been required to build up mutual trust over the last two years.

We will continue to monitor the implementation of the agreement, with a particular focus on detailed disclosure of the work being done with UNI Global, the establishment of an independent grievance mechanism and the introduction of a third-party assessment of freedom of association performance and a human rights impact assessment.



## EACOP & Tilenga: Concerns regarding human rights due diligence and biodiversity impacts

In 2006, the discovery of oil in the Lake Albert Basin in Uganda prompted the Ugandan government to develop the resources under two upstream projects, the Tilenga and Kingfisher projects. TotalEnergies owns majority stakes in both projects and operates the Tilenga project. To facilitate the export of oil to international markets, the invested parties are constructing EACOP, a cross-border buried pipeline that runs 1,443 km from Kabaale, Hoima district in Uganda to the Tanga Port in Tanzania. In the years since 2006, stakeholders have raised concerns about the economic benefits, alleged human rights violations, the principle of free and informed consent, as well as the potential negative impacts on sensitive biodiversity and ecosystems associated with these projects.

NN Group's engagement with TotalEnergies on EACOP & Tilenga began in 2023. Since then, we have had regular engagement calls with the company, exchanged information with civil society organisations and participated in a site visit to Tilenga and EACOP in Uganda where we also gathered information from project affected people (PAPs) directly. Over the last two years, our expectations have remained focused on human rights due diligence and biodiversity impact mitigation at EACOP and Tilenga. The actual and potential long-term impacts to both communities and sensitive ecosystems like protected areas, rivers and wetlands, remain a concern for us. NN Group remains committed to continue the dialogue with the company and will evaluate the effectiveness of its engagement,

deciding on next steps as it nears the end of the three-year engagement period towards the end of 2025.



### Encourage more transparency

We aim to support the disclosure of local, quantitative and timebound biodiversity action plans and habitat mitigation plans to provide transparency on how impacts on biodiversity and ecosystems are to be mitigated. We would also like to see disclosure of the roles and responsibilities of various actors, including subcontractors, local partners (NGOs), and TotalEnergies.



### Establish long-term preventative and mitigating measures

We will maintain a focus on securing comprehensive long-term mitigation strategies designed by independent experts for all (biodiversity) protected areas along the project route, incorporating long-term financial resources, monitoring systems and transparent communication plans.



### Encourage ongoing, long-term, consideration of impacts on local communities

As EACOP & Tilenga are developed, it is critical that communities' circumstances are considered in a timely, transparent, and equitable manner. Lessons learned from earlier-stage developments should be formally integrated into the process to avoid similar issues arising in other project areas and during remediation.



In April 2024, together with a group of international investors, we had the opportunity to visit Uganda, where we met with a range of stakeholders from the private, public and civil society sectors, as well as affected community members from each of the projects under discussion. We visited the Tilenga well pads at various stages of construction. The construction has undoubtedly had and will continue to have an impact. The effects include vegetation clearance, traffic movements, dust, visual impact, noise, spill risk and human-wildlife interactions. However, our observation was that these were generally being well managed and will lessen once the wells are operational. Still, one of our concerns remains the extent to which the company and government are aligned on such operational matters, including environmental and social standards for the project.

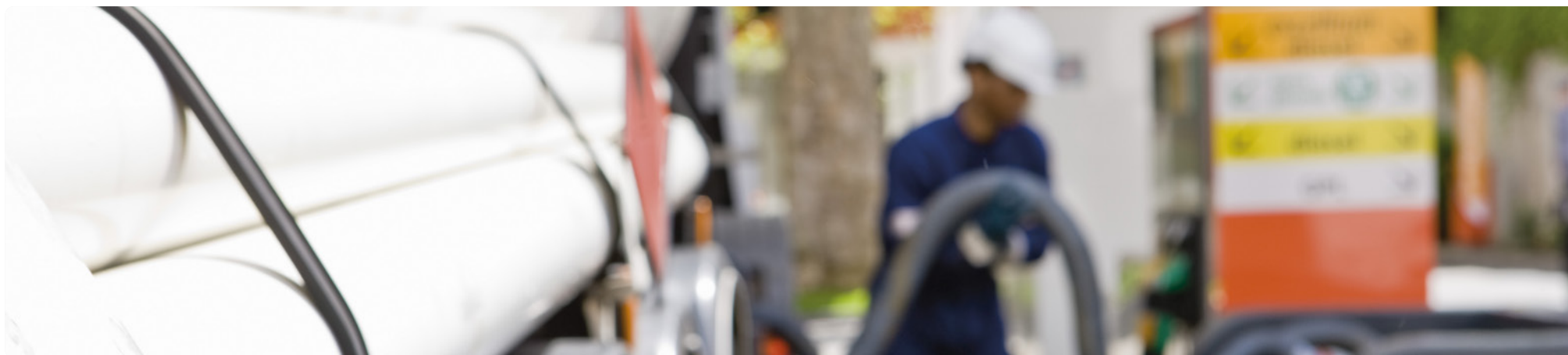
- **Biodiversity:** We recognise the potential benefits that the projects could deliver for the project areas. TotalEnergies has set a clear ambition for the projects in Uganda to be net biodiversity positive by 2040 and commissioned extensive baseline surveys to understand the impact of its operations on the biodiversity. Although the company has also developed high-level plans to deliver on this ambition,

to date no KPIs or interim milestones have been set to track progress and implementation. It is therefore unclear how the company intends to operationalise and report on its ambitions in the region. We remain concerned about the capacity of the company, and its sub-contracting partners, to deliver on these goals also in the context of the limited experience and capacity of public institutions in Uganda.

- **Human rights and resettlement:** Data on resettlement activity and grievances tend to indicate satisfaction with the project. A number of the PAPs we visited demonstrated that outcomes of the resettlement process can be positive, for instance in the form of new housing and livelihood support. The company has acknowledged that in the past there were issues where people did not understand the resettlement process or were not satisfied with the compensation on offer. However, from speaking directly with NGOs and affected people, it became apparent that there are still concerns about incidents of individuals being forced to move or accept compensation agreements, and the duration of livelihood support. Questions remain over how TotalEnergies will ensure the conduct of the wider community liaison team to uphold standards for

ongoing and planned resettlement, particularly for the EACOP pipeline, which presents challenges when it comes to maintaining central oversight.

- **Kingfisher field:** Despite TotalEnergies being the majority owner of Kingfisher field, we noted from our visit that this project is not being operated to the same standard as Tilenga and EACOP. This has resulted in limited project data availability and contributed to ongoing public scrutiny and scepticism regarding the project. We urge the company to use its influence to enhance standards and public reporting at this project consistent with that of EACOP and Tilenga.
- **Transferring learnings:** We encourage TotalEnergies to clarify how it is transferring learnings from managing biodiversity and human rights issues in East Africa to the wider organisation. We note that other projects in development, for example, in Papua New Guinea and Suriname, will require careful management of the various ESG issues to ensure that future projects do not suffer the same negative associations that have affected Tilenga and EACOP.



## Thematic engagement

Thematic engagement at NN Group focuses on issues that have a material impact on society, and where we believe our engagement efforts can drive positive change. The priority areas/themes for engagement that we have identified and will guide our efforts over the next few years are shown in the visual. These themes also align with the findings from the double materiality assessment outlined in our Annual Report.



## Climate Change & Net Zero

Climate change risks are increasingly apparent, with the annual global average temperature breaching the 1.5-degree threshold in 2024 for the first time. The physical effects of climate change are also becoming more visible, with increasing numbers of extreme weather events such as hurricanes, wildfires, severe droughts, and catastrophic flooding. These events are threatening the livelihoods of millions and causing irreversible damage to ecosystems worldwide. Scientists warn that immediate and ambitious action is necessary if we are to achieve the Paris Agreement's goal of keeping temperatures below this threshold. Without such action, the consequences for ecosystems, human health, and security will be severe.

As a large financial services company, NN Group recognises its responsibility to address these challenges, also through the choices it makes and the influence it has as an investor. NN Group has an ambition to transition our proprietary investment portfolio to net-zero greenhouse gas (GHG) emissions by 2050.

## Climate engagement with companies

NN Group has a Paris alignment strategy in place to align our investments with our net-zero ambitions. This strategy for corporate investments (corporate fixed income and equity) categorises companies according to their alignment or potential to align with net-zero pathways. Please refer to the Climate Action Plan 2025 page 23 for more information. To improve the alignment of companies in our portfolio with Paris goals, we have set an **engagement threshold**, which is defined as the percentage of financed emissions in material sectors that are either aligned with a net-zero pathway, or the subject of direct or collective engagement and stewardship actions.

Our engagement strategy focuses on the top 25 holdings in terms of financed emissions in our corporate portfolio, where we monitor engagement progress and climate performance on a regular basis (see pages 20 and 21 for details). In 2024, our climate engagement was expanded through our involvement in Morningstar Sustainalytics'

Net Zero Transition Stewardship Programme and our participation in collaborative engagements through the DCC and Net Zero Engagement Initiative (NZEI).

To calculate the engagement threshold, we map our total corporate investment portfolio to the Climate Action 100+ (CA100+) engagement programme in its entirety. In addition to this, we have added additional direct engagements that our external asset manager and external engagement service provider conduct beyond the scope of the CA100+ and other collaborative engagements we participate in.

During 2024, our external asset manager withdrew from CA100+. While these engagements are mostly replaced by bilateral dialogues our manager has with the relevant companies, we will look to refresh our approach on engagement thresholds when developing the upcoming 2030 objectives.

By the end of 2024, 77% of the financed emissions in our corporate portfolio were at least 'aligned' or subject to collective or direct engagement. This represents an increase from 70% in 2023 and exceeds our year-end 2025 target of 75%. This improvement is primarily due to a slight increase in climate engagement activities within our portfolio, as well as a reduction in our financed emissions. In 2025, we will review our engagement strategy in preparation for setting the 2030 engagement threshold objective for our proprietary corporate investment portfolio.

## Examples of net-zero engagements

### Engagement with a chemicals company on its climate strategy

In the first quarter of 2024, our asset manager engaged with a German specialty chemicals company on its climate strategy. The company has a 2023 climate policy and Science Based Targets initiative (SBTi)-verified emissions reduction targets. These aim to reduce Scope 1 and 2 emissions by 25% and Scope 3 emissions by 11% by 2030, with a long-term goal of achieving climate neutrality for all scopes by 2050. Although there was some delay to the decommissioning process as a result of the energy crisis, a coal power plant near one of its manufacturing facilities was replaced by a gas power plant in early 2024.

With more than half of its manufacturing facilities based in Europe, the company is exposed to increasingly stringent environmental regulations such as the Industrial Emissions Directive, which requires it to install the best available techniques to reduce its air emissions. The company also uses substances of very high concern (SVHCs). These are chemicals that have serious effects on human health or the environment and are at risk of being phased out, exposing it to increased development costs in the search for alternatives.

During the engagement, our asset manager discussed the company's plans for emissions reductions beyond 2030 and the company's capital expenditure alignment to its decarbonisation strategy. With regards to emissions reductions, the company stated that progress will partly depend on the availability of alternative raw materials and new technologies such as hydrogen, carbon capture and storage and carbon capture utilisation. It also noted that it plans to invest EUR 700 million by 2030 in next generation technologies. We will continue monitoring progress on the company's climate

transition plan, including its plans for emissions reductions beyond 2030 and capital expenditure alignment.

### Climate transition engagement with a cement company

In January 2024, our asset manager engaged with a German cement company to discuss the company's strategy to reduce its GHG emissions. The company had been identified for engagement under our manager's Climate Transition Engagement Initiative, which seeks to engage with companies in high-impact industries on the implementation of a robust and quantifiable climate transition strategy, with a particular focus on decarbonisation and capital allocation alignment.

A notable development is that the company received SBTi validation in 2024 for its long-term GHG targets on Scope 1, 2 and 3 emissions. As a result, the Paris alignment criteria and status for the company has improved despite it being in a hard-to-abate sector. The 2024 engagement focused on the company's plan to achieve these goals and its heavy reliance on carbon capture, utilisation and storage (CCUS). The company is exploring a variety of projects globally, with a plan to invest EUR 1.5 billion in CCUS. We would like to see greater disclosure on the anticipated timeline of these projects and how they would support the company's targets, as well as more transparency in relation to the costs and how the plans are supported by the company's capital allocation strategy. We will continue to monitor engagement progress and the company's performance on these key issues.

### Collaborative engagement on decarbonisation at a packaging and paper company

In 2024, we joined the Net Zero Engagement Initiative (NZEI). The initiative's objective is to engage with high-impact companies that do not form part of the CA100+ engagement group. We joined the collaborative engagement group for a global packaging and paper company, headquartered in the UK, which is one of the top emitting companies in NN Group's portfolio.

During our two engagement calls we emphasised the importance of transparency on decarbonisation levers, capital allocation, scenario analysis, SBTi FLAG target setting<sup>3</sup>, and on how executive remuneration is linked to climate targets. The company has made progress in reducing Scope 3 emissions and recognises it as an ongoing challenge that requires collaboration with suppliers and a focused strategy to achieve their targets. While the company has not yet fully quantified key levers in its decarbonisation pathway, it published a waterfall chart to give a rough indication of the split in its 2023 sustainability report.

We are encouraged by the responsive and constructive dialogue with the company so far. We will continue to follow up on areas where we see opportunities for improvement by the company, such as SBTi FLAG target setting, greater transparency on decarbonisation technology implementation, investment and stakeholder partnership.

<sup>3</sup> SBTi FLAG (Forestry, Land Use, and Agriculture) Project is the approach for companies in land-intensive sectors to set near-term science-based targets in line with the goals of the Paris Agreement. [Forests, Land and Agriculture - Science Based Targets Initiative](#).



### Climate engagement with sovereign entities

Similar to our broader responsible investment approach, engagement is one of the key levers to steer decarbonisation in our sovereign portfolio. Our sovereign engagement effort is mainly carried out by our external asset manager.

In 2024, our external asset manager expanded their approach to include more climate specific questions on ambition, climate risks and opportunities, and decarbonisation strategies based on the insights from their proprietary Paris alignment assessment framework for sovereign bonds. Despite the programme being in its early stages, we noted some positive responses from governments and opportunities to accelerate engagement with state-owned enterprises. Initial engagement dialogues with countries cover topics such as National Adaptation Strategies and Action Plans, integrating just transition in climate policies, green budget planning and biodiversity policies. We will work with our asset manager to further clarify objectives and how to take the interconnectedness of climate and nature into account in these engagements.

As an asset owner, we are exploring engagement opportunities through collaborative initiatives and policy engagement working groups that can supplement the activities conducted by our asset manager. For example, we support the Global Investor Statement to Governments on Climate Crisis to call for Paris-aligned policies that will accelerate private sector action and large-scale investment to support a just transition. We are also proactively exploring engagement opportunities through collaborative initiatives and policy engagement working groups.

Starting in 2025, to align with the Net Zero Investment Framework (NZIF) more closely, we will use the Paris alignment framework developed by our asset manager to monitor the transition of our sovereign bond portfolio, instead of the NN Climate Country Score we used in the past. We also aim to select a set of KPIs to complement this monitoring and guide our engagement approach for this asset class.

### Case study

## Net Zero Transition Stewardship Programme

The Morningstar Sustainalytics' Net Zero Transition Stewardship Programme targets companies in the transportation, energy and industrial sectors that are major contributors to GHG emissions and face significant challenges in transitioning to net zero. Companies in hard-to-abate sectors such as steel and cement production, for example, will have to make substantial changes. The programme aims to address these challenges by engaging companies to set ambitious targets aligned with the Paris Agreement's goal and encouraging them to develop and implement robust decarbonisation strategies consistent with the transition to a net-zero economy.

The programme currently covers 45 companies in our investment portfolio, 35 of which were actively engaged with in 2024. We saw positive developments at 8 of these, including targets validation by SBTi, greater transparency and alignment of CapEx with climate targets and progress in engaging suppliers on GHG reduction. The majority of these dialogues focus on decarbonisation strategies and disclosure, and also increasingly on climate governance. For example, on ESG expertise and training for board directors and on linking climate targets to executive remuneration. We have made some key observations as a result of our participation in this programme.

These include an increased focus on Scope 3 emissions reduction, the impact of structural or operational barriers to effective climate governance, ongoing sector and regional challenges to external validation for GHG targets, and the slow uptake in investing in and adopting low-carbon technologies.

In 2024, Morningstar Sustainalytics also defined the theory of change for its thematic stewardship programmes. For its net zero transition programme, it defines several quantitative and qualitative short-, medium- and long-term indicators for outputs as well as outcomes. We will closely monitor its upcoming programme reporting and explore ways to further integrate this information into our engagement monitoring process.



### Biodiversity & Natural Capital

Without urgent action to reverse human-caused ecosystem degradation and limit climate change, biodiversity loss will continue to accelerate. Over the past 50 years, the abundance of wild organisms has declined by approximately half across various groups, including birds, mammals, and insects. More than one million plant and animal species are at high risk of extinction due to human activities. Habitat alterations caused by climate change and extreme weather events threaten many species or change their distribution, leading to further damage to ecosystems. Biodiversity loss, in turn, further exacerbates climate change. According to the United Nations Environment Programme Finance Initiative (UNEP FI), halting nature loss and restoring ecosystems are fundamental to achieving the goals of the Paris Agreement.

NN Group is making efforts to weave biodiversity into its climate action strategies, as we understand that protecting biodiversity and ecosystems is vital for mitigating and adapting to the impacts of climate change. Additionally, reducing greenhouse gas emissions is a critical step in preventing further loss of biodiversity.

### Collaborative engagement and Nature Action Plan

Since committing to the Finance for Biodiversity (FfB) Pledge in October 2022, we have focused on knowledge sharing and collaboration with peers to advance industry guidelines and standards through the initiative. In 2024, we developed an internal Nature Action Plan for Proprietary Investments with several initiation targets to be pursued in 2025, including strengthening our biodiversity engagement strategy.

In addition to supporting collaborative initiatives such as Nature Action 100, we continue to monitor engagement activities conducted by our external asset manager and engagement service provider. One of our external asset managers has two nature-related engagement programmes focusing on plastics and deforestation.

The plastics programme advocates for clear disclosure and high-quality target setting by Fast Moving Consumer Goods (FMCG) companies, while the deforestation programme focuses on disclosure of processes and goals to manage deforestation risks by producers and users of forest risk commodities. We regularly discuss engagement progress with the manager via case studies and provide feedback on expanding the scope in the future.

Our engagement service provider also operates a biodiversity and natural capital engagement programme targeting key players across the value chain, including financiers, to adopt best practices for incorporating nature-related considerations into governance, risk assessment, strategy and target development, as well as disclosure efforts such as the Taskforce on Nature-related Financial Disclosures (TNFD).



### Water

According to the WEF Global Risk Report 2025, the most pressing global risks for the next ten years are closely linked to water.

Extreme weather – storms and flooding, the impact of rising sea temperatures, biodiversity loss and the impact of water supply on food security. The topic of water and marine resources is closely connected to a broad range of other environmental topics such as climate change, pollution, biodiversity and circular economy, and has broader social and human rights implications, in the context of scarcity and water quality. It is increasingly important for companies to understand the dynamics of the specific locations where their operations and assets are located and to mitigate these appropriately. This includes understanding both the inputs they require from these environments to conduct business, as well as the impacts their local operations have on environments and local communities.

NN Group takes a holistic approach to biodiversity and natural capital, recognising the importance of sustainable water management for supporting ecosystem services

and habitats. Furthermore, river floods, extreme rainfall and rising sea levels are potentially material risks to our non-life insurance and mortgage and real estate activities, also a reason why water is a priority topic in our investment and engagement activities.

### Joining initiatives to improve water stewardship

To address these challenges, NN Group was involved in the BRIDGE water research project (see case study on page 17) and also participates in the Ceres' Valuing Water Finance Initiative. This initiative is a collective engagement effort that aims to encourage companies with a high-water footprint to recognise and address water as a financial risk.

Investors can play an important role to in encouraging companies to develop risk and impact assessments for their operations and supply chains. NN Group will continue collaborating with initiatives like Ceres Valuing Water Initiative and Nature Action 100. Furthermore, we will promote location-specific water assessments and explore water-focused metrics and engagement efforts to improve water stewardship.

## Case study

# BRIDGE project: Research aims to deepen understanding of water-related risks for investors

In 2023, we joined the BRIDGE research project with Deltares, WWF NL, Achmea Investment Management, and SCOR to:

- Contribute to research on localised water impacts
- Deepen understanding of water-related risks
- Innovate using scenario-based approaches that integrate climate change and socioeconomic developments
- Identify potential investor stewardship activities

In September 2024, NN Group together with our partners published the BRIDGE project report, focusing on critical watersheds in São Paulo (Brazil) and Chennai (India). Both of these locations are vital for local economic activities like automotive and manufacturing industries. The study highlighted the need for standardised corporate reporting on water risks.

### Key findings

Current corporate reporting fails to capture localised water risks adequately. The report calls for:

- More current and consistent location-specific data
- Scenarios to understand forward-looking risks and their integration into strategic decision-making
- Risk profiles of key watersheds to contextualise company activities
- Data on supply chains to assess regional and company-specific risk

Click [here](#) to read the full report.





## Aligning our activities on water and biodiversity

NN Group's involvement in various initiatives demonstrates our alignment on the important issues of biodiversity and water. We participate in the CERES Valuing Water Finance Initiative, Morningstar Sustainalytics' Biodiversity & Natural Capital Stewardship Programme, and the Nature Action 100 initiative. These initiatives share a common goal of promoting sustainable practices and addressing environmental risks related to biodiversity and water. All three initiatives encourage companies to disclose information related to their environmental impact and all recognise the importance of effective management and governance systems to mitigate financial risks associated with environmental challenges and promote sustainable practices.

### Nature Action 100



NN Group joined the Nature Action 100 initiative in September 2023. This global investor programme aims to reverse nature and biodiversity loss and encourage companies to take more ambitious actions to protect nature.

- Launched by a group of investment firms and co-led by Ceres, IIGCC, Finance for Biodiversity Foundation, and Planet Tracker. The initiative identified eight sectors that are systemically important in reversing nature and biodiversity loss by 2030. These sectors are biotechnology and pharmaceuticals, chemicals, household and personal goods, consumer goods retail, food, food and beverage retail, forestry and paper, and metals and mining. The expectations outline **six actions** in the areas of:

- Ambition
- Assessment
- Targets
- Implementation
- Governance
- Engagement

We will be participating in three company engagement investor groups, with the aim of leveraging our investments to positively influence company progress in this area.

Biodiversity & Natural  
Capital Engagement



Morningstar Sustainalytics' stewardship programme seeks to strengthen issuers' management of biodiversity-related impacts, dependencies, and opportunities.

- Uses an outcome scorecard to guide dialogues and track progress.
- The framework includes five outcomes, with four corresponding to the core pillars of the Taskforce on Nature-related Financial Disclosures (TNFD). These are governance, strategy, risk management, and metrics and targets. The fifth focuses on disclosure and aims for key information on biodiversity to be disclosed to stakeholders.
- As a participating investor, NN group is represented by Morningstar Sustainalytics in the programme.
- We will actively monitor and/or participate in ongoing engagements with companies on NN's priority engagement list and where we have significant investment exposure.

CERES Valuing Water  
Finance Initiative



NN Group joined the Ceres' Valuing Water Finance Initiative in 2023. This global investor-led effort aims to engage companies with a high-water footprint to value and act on water as a financial risk.

- The initiative developed a water valuation framework and identified 72 companies to engage with.
  - Investors encourage companies to adopt and implement the **Corporate Expectations for Valuing Water**, which sets out expectations in the following six areas:
    - Water quantity
    - Water quality
    - Ecosystem protection
    - Access to Water/Sanitation
    - Board oversight
    - Public Policy engagement
- We currently participate in two investor engagement groups and continue to monitor the possibilities of additional engagements based on investment exposure and potential for positive impact.



## Human Rights

At NN Group, we acknowledge our responsibility to respect human rights. We believe that human rights are essential considerations for our business practices and investment decisions. To guide our approach, we have an RI Framework policy and norms-based activities based on internationally recognised standards such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights (UNGPs).

We believe that respecting human rights is not only the right thing to do, but it is also important for sustainable long-term growth. Issues such as inequality, discrimination, and labour rights violations can impact the well-being of communities and markets. That is why we have identified human rights as a key engagement theme. Our norms-based and controversy engagements are already based on identifying severe and structural breaches of norms-based criteria, many of which are linked to human rights related topics (as outlined on page 9). As active owners, we aim to encourage the companies we invest in to align their practices with human rights standards and work together with other investors to address specific human rights issues such as living wage and child labour.

### A human rights lens on a society in transition

The new Morningstar Sustainability's Human Rights and Transition Stewardship Programme has replaced the Human Rights Accelerator engagement programme which ran for three years. Building on the goals of its prior iteration – to accelerate the adoption of the UNGPs and address specific human rights issues, including child labour, livelihood, living income, living wages, and community rights – the new programme sets out to engage businesses that are vital in the transitioning economy, to respect human rights in their operations and value chains.

It is in the extraction phase of such value chains that the most salient human rights issues are likely to occur. The programme recognises this and aims to focus on these issues while taking a value chain approach to capture the business-to-business leverage between the value chain parties.

We will support issuers as they create mitigation strategies to reduce their human rights risks and prevent and remediate negative impacts. With an initial focus on mining, utilities and solar and wind power products, Morningstar Sustainability's programme recognises that transition brings enhanced human rights risks and potentially negative impacts to these sectors. NN Group will work to identify opportunities to collaborate on these engagements and use insights gained from the programme in other sector engagements focusing on the just transition.

### Enabling living wages and income in global supply chains

PLWF is a platform of 24 financial institutions managing over EUR 7 trillion of assets under management and advice, focused on encouraging and monitoring companies to provide living wages and incomes in their global supply chains. The coalition uses its influence and leverage to engage with more than 50 companies from various sectors.

In 2023, NN Group transitioned from representation by our asset manager to becoming a direct member. By early 2024, our involvement expanded to include more food retail companies and to co-leading the Food Agri and Food Retail Working Group, coordinating investor engagement, and supporting the Platform's thought leadership.

PLWF evaluates companies using a living wage assessment methodology aligned with the UNGP reporting framework, available on their [website](#).

The goal is to guide companies towards better practices and develop a benchmark to determine which companies have been leading on the issue and which need to do more.

Implementing a living wage helps to raise the standard of living for workers and their families and enables them to meet their basic needs. A living wage can also act as a catalyst for improvement in other areas of the labour market. For instance, there is less likelihood of child labour when parents earn enough to support their families.

The PLWF's objective is to encourage companies to adopt good practices and promote social and economic resilience in their supply chains. By raising awareness of the issue and putting it on their corporate agenda, investee companies can work towards enabling living wages and incomes in their global supply chains. Individual companies cannot solve a systemic issue such as living wage and income on their own, which is why the PLWF takes a sector-wide approach. The engagement includes more than 30 listed garment and footwear brands and over 20 food producing and food retail companies.

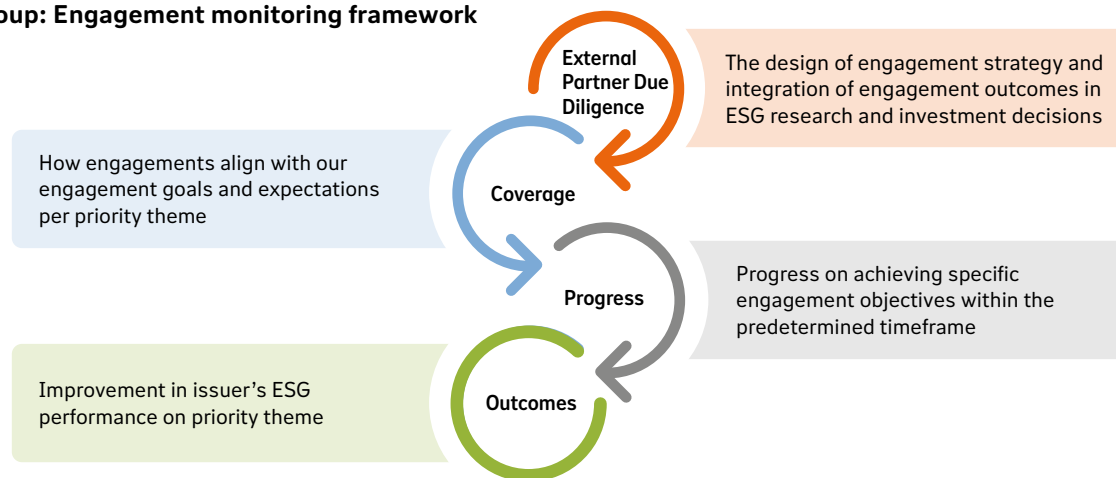
## Engagement monitoring

As an asset owner, NN Group delegates a significant portion of its engagement activities to its external partners. In 2024, to keep alignment with our Responsible Investment Framework Policy and commitment, NN Group introduced an enhanced active ownership framework consisting of four components: External Partner Due Diligence, Coverage, Progress, and Outcomes. This framework supports alignment with industry standards such as the [Net Zero Stewardship toolkit](#) published by IIGCC and the [Future of Investor Engagement](#) from the Net Zero Asset Owner Alliance (NZAOA), and best practices. It also establishes thematic engagement goals, tracks engagement progress through five milestones and evaluates outcomes against external benchmarks.





Since 2023, NN Group has implemented various measures to enhance the oversight of engagement carried out by external parties as part of the process shown at the top right-hand side of this page.

NN Group has set out long-term thematic engagement goals that we aspire to steer our portfolio towards (see table). In 2024, we conducted further work focusing on climate change and net zero by defining key engagement objectives aligned with this theme and mapping them across our corporate portfolio. Additionally, we compared these objectives with existing alignment criteria to identify potential engagement gaps and gave feedback to our external asset managers and engagement service providers and informed them of our priorities. Building on these efforts, we are now set to expand our focus to include Biodiversity & Natural Capital engagements in 2025.

### NN Group: Engagement monitoring framework



### NN Group's thematic engagement goals

Theme	Engagement goals
Climate Change & Net Zero 	NN Group aims to steer companies to implement a timely and credible transition in line with a maximum temperature rise of 1.5°C, improving their Paris alignment status over time. We expect companies to improve across the key alignment criteria outlined in the Net Zero Investment Framework and take concrete action to address the risks and opportunities associated with climate change.
Water 	NN Group encourages companies to adopt sustainable water management practices that reduce their impact on water availability, quality, natural ecosystems, access to water and sanitation. This can be achieved by setting science-based targets or policies that are time-bound, providing diligent disclosure on progress, sufficient board oversight, and by advocating public policies in line with such commitments.
Biodiversity & Natural Capital 	NN Group encourages companies to strengthen their management of biodiversity-related impacts, dependencies, risks, and opportunities. This can be achieved by setting ambitious targets, assessing and disclosing nature-related impacts and risks in line with the TNFD, and developing an implementation plan with board oversight and stakeholder and policy engagement.
Human Rights 	NN Group supports companies in establishing robust and effective human rights due diligence systems that align with the UNGPs. By doing so, we aim to trigger improvement in the livelihoods of workers and local communities involved in supply chains and address the root causes of salient human rights risks in selected focus sectors.



## Insights from climate engagement

In 2024, we defined key engagement objectives to support our thematic engagement goal on climate change and net zero in line with NZIF alignment criteria. We mapped these for each climate engagement in our corporate portfolio (see chart below).

While our engagement threshold and strategy mainly focus on the six core NZIF alignment criteria (ambition, targets, disclosures, emissions performance, decarbonisation strategy and capital allocation alignment), some engagements also extend to a lesser extent to additional criteria such as just transition and climate governance. There is however limited engagement data on these criteria which partly accounts for their smaller share of the total engagement objectives in our portfolio.

We also compared these engagement objectives with the outstanding alignment criteria for companies to identify potential gaps in engagement. These insights help inform our engagement priority and feedback for our external asset manager and engagement service provider.

## Progress – findings from engagement milestone tracking

To gauge the effectiveness of engagement in meeting objectives, NN Group has started to track engagement progress using the five milestones shown at the top right-hand side of the page. While the timeline for progress may vary on a case-by-case basis, we expect to see some interim actions or updates from companies within a 12- to 36-month timeframe. This time-bound review process helps identify potentially lagging engagements for further discussion and actions.

Engagements where no progress has been made and where there is no justification for this will be flagged for further action based on our internal guidelines. These actions include requesting deep-dive discussions with the party engaging on our behalf, participating in direct or collaborative engagement, proposing investment restrictions, and so on. Our goal is not to prescribe a standard set of actions and timelines that apply to all

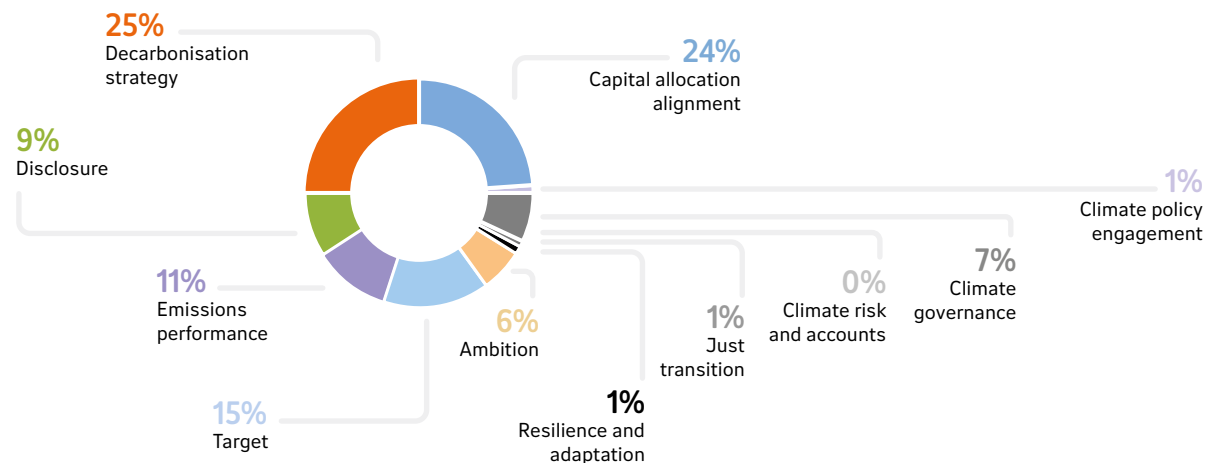
engagements, but to increase oversight and accountability and address any obstacles.<sup>4</sup> We are also in the process of upgrading our tracking capabilities to increase the efficiency of this process.

In 2024, 50 companies were engaged on climate, most of which are in high-impact sectors and are on our top emitter list. The majority of these engagements are still in the early stages of meeting our company-specific engagement objective(s) – with the “acknowledged” or “early progress” milestones. Inactive engagements are those that have been temporarily put on hold pending an update of their Paris alignment assessment. Milestones are tracked for each engager and company. For example, if a company is engaged by both our external asset manager and engagement service provider, the engagements will be tracked separately using the milestones. This granularity helps us identify overlaps and gaps as well as streamline insights to ensure consistent communication of expectations to the companies.

## Five milestones to track engagement progress

- **Acknowledged:** After establishing a two-way dialogue with the company, engagement objectives have been communicated to the company, or the company has committed to work towards the objectives
- **Early Progress:** The company has taken initial actions towards the objective such as planning and scoping of implementation
- **Advanced Progress:** The company demonstrates ongoing progress on implementation
- **Concluded:** Engagement objective has been fulfilled and supported by disclosure of implementation outcomes
- **Inactive:** Discontinued engagements due to changes in materiality or ineffective dialogues

## Breakdown of climate engagement objectives 2024



Includes some double counting as each engagement dialogue may involve multiple objectives.

<sup>4</sup> The five bounds of corporate engagement are detailed in the NZAOA publication “The Future of Investor Engagement”

### Outcomes – observations from top emitters' climate performance

Throughout 2024, we have been monitoring climate actions by our top 25 emitters based on various KPIs from external data sources such as CA100+ Net Zero Benchmark, Transition Pathway Initiative, International Energy Agency, World Energy Outlook, etc. When considering necessary actions when there is a lag in performance, we take engagement insights and external drivers into account as well as reviewing non-material deviation of year-on-year market fluctuations.

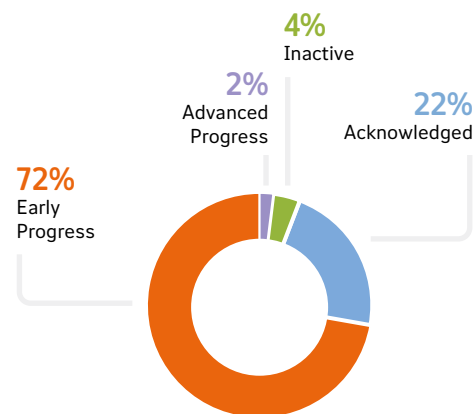
Our time-bound review process currently focuses on our top 25 emitters, taking into account the insights from engagement milestone and climate performance monitoring. In 2024, we saw some positive developments among top emitters in the chemicals and cement sectors (e.g. improvement in Paris alignment status and/or criteria, science-based targets validation). Decarbonisation strategy and capital allocation are the two areas where we most commonly see action being taken to improve.

Alignment in the utilities and steel sectors is stagnating, whereas climate commitment and action are deteriorating in the energy sector. Demand growth, energy security, economics and limited policy incentives for low-carbon solutions and products often hinder acceleration in transition in these sectors.

Based on our internal monitoring process, 14 of the top 25 emitters are flagged for further review due to either falling short of at least one climate performance indicator and/or the lack of change in engagement milestones or any positive developments in the past 12 months. These findings will be discussed with our external asset manager, the Controversy & Engagement Council and the RI Committee to determine potential next steps.

Another form of outcome monitoring is to track escalation for engagements lagging in progress. We had multiple discussions with our external asset manager and engagement service provider on the need for better data here and will continue to explore ways to capture and disclose this systematically in the future.

### Breakdown of climate engagement milestones 2024







## Proxy voting

Exercising our voting rights is a key component of our active ownership activities and an important link in the chain of accountability between a company and its shareholders. The right to vote at company shareholder meetings is a fundamental part of a well-functioning corporate governance system. NN Group therefore finds it important to exercise this right, wherever possible, for our equity investments.



### Exercising our voting rights

Exercising voting rights is one of the most effective ways for investors to hold company management accountable. NN Group's Voting Policy for proprietary assets guides the voting considerations on behalf of NN Group's proprietary equity portfolio. This policy reflects the principle that company management should base their decisions on the long-term interests of the company and its shareholders while acting responsibly to all stakeholders.

NN Group's listed equity portfolio primarily consists of 5%+ stakes in small- to medium-sized European companies, with no more than 50 companies in the portfolio. The asset management team responsible for managing the proprietary equity portfolio implements an active investment strategy, which includes regular engagement with companies on a variety of topics, including sustainability. On occasion, NN Group representatives may also be involved in these dialogues. As proxy season approaches, the proprietary equity team stays in close contact with investee companies to stay informed about the agendas for their annual general meetings (AGMs).

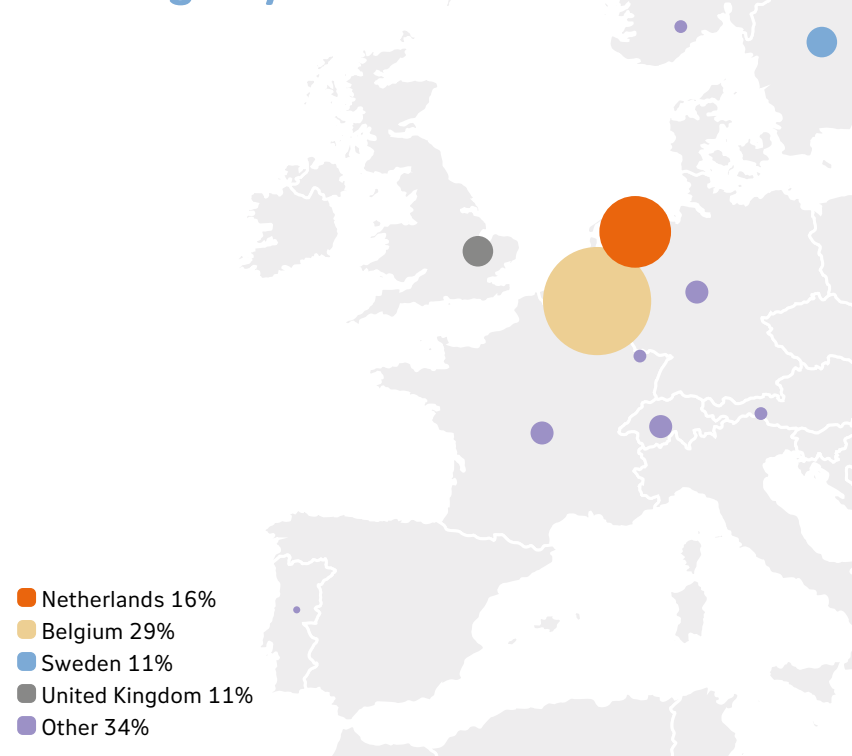
To support proper implementation of the voting policy, NN Group has delegated the management of its proprietary equity portfolio to Goldman Sachs Asset Management (GSAM), who also exercises our voting rights. GSAM uses an external service provider to support the process of proxy voting whereby all voting decisions are made on a case-by-case basis in accordance with the stipulations of NN Group's Voting Policy. NN Group retains the right to provide voting instructions for individual shareholder meetings and ballot items.

### Shareholder engagement and escalation

To increase the effectiveness of our activities, NN Group strives to align its engagement and voting efforts. This means that we monitor engagements and keep track of how aligned companies are with our engagement asks and how well they are progressing on our identified change objectives.

In cases where there is insufficient progress, we may implement one of the escalation measures outlined on page 7, or we may decide to vote against standard items as a form of escalation when there is a lack of response to our engagement efforts or if too little progress is being made. NN Group may also consider supporting, filing, or co-filing a shareholder resolution as a way to flag inaction, dissatisfaction, and encourage progress on ESG topics.

## Meetings by markets

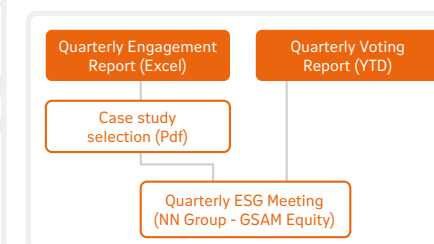


**During 2024, we voted at 36 annual general meetings on 557 agenda items.**

Number of meetings voted at	38 <sup>1</sup>
As % of votable meetings	97%
How we voted on agenda items (%)	
- For	93%
- Against	6%
- Abstain/other	1%

Our voting records are published on our [website](#).

<sup>1</sup> This number also includes extraordinary general meetings (EGMs) in addition to AGMs.





### Monitoring of votes cast

NN Group monitors the voting process to check its alignment with NN Group's voting policy. Our external asset manager submits a quarterly proxy voting report, enabling us to monitor whether resolutions have been voted on. If votes are missing, we request an explanation, as we believe that exercising the right to vote is important. We also conduct random sample checks on individual voting decisions to assess alignment with NN Group's voting principles. If there are voting decisions that seem to differ without a reasonable explanation, we address these with the asset manager.

To further check alignment between voting (for our equity portfolio holdings) and engagement (which also includes our corporate bond portfolio), we compare the voting report to the quarterly engagement report and discuss opportunities for alignment in our quarterly ESG meeting with the asset management team. The figure below shows our process for monitoring external managers' engagement and proxy voting processes.

### Voting Policy for Proprietary Assets - update 2024

In the first quarter of 2024, NN Group updated its Voting Policy for Proprietary Assets. Key updates include a further elaboration of NN's views on ESG topics, such as human rights, Paris alignment, and biodiversity. It also clarifies our expectations for investee companies and NN's external asset manager, as well as relevant updates to reflect NN's voting policy on specific topics such as remuneration and taxation.

### Voting activities on key issues

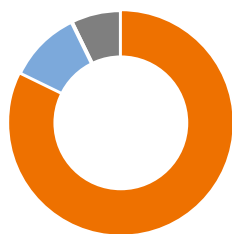
Voting activities were focused on three main issues that NN Group prioritises as crucial factors for the long-term success and stability of companies.

- Board elections
- Alignment of executive remuneration with company strategy
- Integration of sustainability within company strategy

### Board elections

Appointing capable directors and creating a diverse, independent board is critical for the performance of a company. While we often support a company's nominees, we vote against them when we think that adding them to the board would detract from the goals of independence and diversity. NN Group may also hold the board accountable for insufficient oversight of environmental and social risks, failure to disclose reduction targets for GHG emissions, and when there are serious breaches of our RI criteria.

#### Votes compared to management on board elections



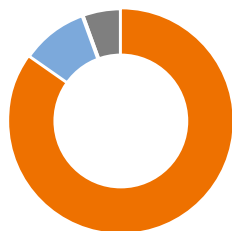
Total: 131

With management: 107

Against management: 23

Abstain/other: 1

#### Votes compared to management on remuneration



Total: 94

With management: 89

Against management: 4

Abstain/other: 1

## Case study



### Strengthening corporate governance for strategic focus

Corbion, a Dutch biotech company, sought to amend its articles of association during the AGM in 2024. We raised our concerns on one specific element of the proposed changes, pertaining to the process of a binding nomination for members of the supervisory board, as the threshold for shareholders to nominate someone to the board seemed to have been lowered. After consultation with us and other shareholders, Corbion retracted the amendment proposal entirely, ensuring that it retains a strict process for electing new board members and a threshold that prevents investors from being able to unduly influence the company.

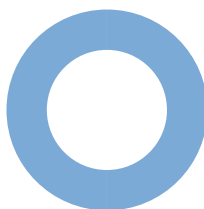
#### Remuneration

Executive pay and the effectiveness and complexity of companies' remuneration policies are topics that often result in heated discussion at AGMs. In Europe, there is a broader debate on high levels of compensation for executives in the context of glaring income inequality. In addition, issues such as sustainability, employee health and safety, company goals and management's ability to manage crises are increasingly being factored into decisions on compensation.

#### Integrating sustainability into long-term company strategy

To ensure long-term performance for shareholders, NN Group expects investee companies to act in a responsible way to all stakeholders. This includes recognising the impact of their business decisions on the environment, as well as the social and human rights issues that may arise within the regions and supply chains where they operate. Companies should also indicate which sustainability risks and opportunities are most material to their business, and how these are aligned with the strategy and accompanying objectives and targets. In 2024, we supported all 10 shareholder proposals in our portfolio. These all concerned two companies, Unifiedpost Group and Lenzing, and were corporate governance and board independence related.

#### Votes compared to management on shareholder proposals



Total: 10

With management: 0

Against management: 10

Abstain/other: 0

## Case study



### Improved corporate governance standards and board independence

NN Group has raised concerns over suboptimal corporate governance standards at Unifiedpost Group SA over the years, as these have contributed to weak financial controls and discipline, and poor share price performance since the company's IPO in September 2021. To deliver on its potential performance, NN Group believed meaningful changes were required to the UPG governance structure.

In a bid to encourage Unifiedpost to improve its corporate governance, in 2024, we voted against the (re)election of several board members at the AGM due to diversity and independence concerns. One of our concerns related to the importance of retaining an independent Chairman, where personal connections between Chairman and CEO should not jeopardise the proper management of conflicts of interest. We engaged in an ongoing dialogue with Unifiedpost to address this issue and supported the nomination of independent directors with significant sector experience to improve the company's board independence and diversity. This ultimately resulted in a vote against management to support a shareholder proposal nominating new independent board members. In October 2024 the company announced several board changes, and these corporate governance adjustments will help address the company's poor track record on financial controls and discipline and improve long-term performance.

# Collaboration and policy advocacy

**In our dialogue and collaboration with diverse stakeholders, including governments, business organisations, companies, communities and society as a whole we try to align goals to promote change in the real economy. We recognise the importance of pooling resources and forming partnerships to promote broader sustainability goals at industry level and to drive governments to make effective policy choices.**



## Collaboration

NN Group is involved in sustainability and responsible investing through memberships in various organisations that promote sustainable practices and climate and nature action. We also engage in dialogues and initiatives as part of our broader collaborative approach. For example, through investor and asset owner working groups, to drive best practice in a broad range of areas. From measuring financed emissions and Paris alignment strategies to ensuring companies implement living wages in their supply chains. Much of our collaborative work, for example with Nature Action 100 and the Platform Living Wage Financials, has been covered throughout this publication as it forms an integral part of our engagement approach.

To facilitate discussions between NN Group and stakeholders on ESG-related issues, we have also published investment guidance papers. These cover a wide range of environmental topics (such as climate change, water, deforestation, animal welfare) as well as human and labour rights matters. They explain our position on these topics and our understanding of the key financial risks, adverse impacts and potential opportunities. By publishing these papers, we give guidance on evaluating ESG factors and leveraging change in the sphere of our investment activities.

Below are more examples of how we collaborate to promote sustainable practices.

NN Group has been a signatory of the **Principles for Responsible Investment (PRI)** since 2022 (and through our former asset manager since 2006). By adopting PRI's six principles for responsible investing, NN Group emphasises collaborative engagement and high standards.

Furthermore, NN Group has been a dedicated member of the **Institutional Investors Group on Climate Change (IIGCC)** since 2017. This European membership body plays a pivotal role in mobilising capital for the low-carbon transition and ensuring resilience to climate change. Our participation in IIGCC events and contributions to consultations exemplify their commitment to sustainable

investment practices. In 2021, NN Group reinforced our commitment to climate goals by signing the **Paris Aligned Asset Owner (PAAO) Commitment**. Through this international collaboration, we support the objective of achieving net-zero GHG by 2050 or sooner, underscoring our dedication to responsible and sustainable investing. The **Partnership for Carbon Accounting Financials** enables us to collaborate with other financial institutions to find a harmonised approach to measuring and disclosing GHG emissions associated investments and insurance associated emissions.

Expanding our focus beyond climate, NN Group is a part of the **Finance for Biodiversity (FfB)** initiative and a signatory of the related Finance for Biodiversity Pledge. This commitment illustrates our comprehensive approach to sustainability, ensuring that biodiversity considerations are integrated into our investment decisions. Moreover, NN Group has been a signatory of the **Tobacco Free Portfolios initiative** since 2018. By promoting tobacco control due to health, environmental, and economic considerations, we exclude tobacco producers from our investments, reflecting our holistic view of responsible investing.

Another initiative that we support is the **Business Benchmark on Farm Animal Welfare (BBFAW)**. NN Group uses the BBFAW's annual benchmark to screen its portfolio, identifying companies with the lowest scores in farm animal welfare management, policy commitment, performance, and disclosure. Through this initiative, we send letters to these companies, outlining expectations for improved animal welfare management and reporting, thus highlighting our proactive approach in fostering better corporate practices.

We also engage in dialogues and initiatives as part of our broader collaborative approach. For instance, in 2023, NN Group joined the **European Commission's Climate Resilience Dialogue** through the Pan European Insurance Forum (PEIF). This group works to reduce the Climate Protection Gap and increase investment in effective adaptation solutions to protect against the impacts of climate change. This initiative is a critical part of the

EU Green Deal strategy on adaptation to climate change and the strategy for financing the transition to a sustainable economy.

Furthermore, NN Group actively participates in the **Dutch Insurance Association** and is a signatory to the IMVO and the **financial sector agreement to the Dutch Climate Agreement**. Recognising the significance of climate change for the insurance industry, the association aims to strengthen its social role and explore insurance solutions, particularly in the area of insurability. The Dutch Association of Insurers has played a vital role in the IMVO, a multi-stakeholder initiative aimed at identifying and mitigating potential negative ESG impacts from investments.

## Policy Advocacy

As a financial services company, NN Group recognizes its responsibility to advocate for policies that align with its values and foster long-term sustainable growth. By engaging with policymakers and industry groups, we aim to stimulate positive change in regulatory frameworks to benefit our investments, our business and society at large. Effective policies are essential to accelerate the private capital flows needed to finance the transition to a low-carbon economy.

In 2024, NN Group focused on climate and nature in its policy work, advocating for regulatory conditions that support sustainable investment. Some examples of our policy advocacy efforts in 2024 are listed below. These extend beyond climate and nature to encompass governance-related issues as well.



- **The 2024 Global Investor Statement to Governments on the Climate Crisis:** This statement emphasises the need for legal, policy, and regulatory conditions that support private sector investment and facilitate the transition to a net-zero economy. NN Group recognises the importance of taking action to address climate change and has committed to integrating climate-related risks and opportunities into its investment decision-making process.
- **World Economic Forum COP29 Open Letter:** In this open letter, NN Group, along with other global leaders, calls for urgent action and cooperation to tackle the climate crisis and promote sustainable development.
- **Statement on Biodiversity Loss from Long-Term Investors:** This statement, signed by 27 asset owners, urges world leaders to take ambitious actions on biodiversity to protect investment returns and investor confidence. NN Group recognises the importance of biodiversity to long-term investment value creation and has committed to taking account of biodiversity analyses of companies and engaging with them on this issue.

NN Group's advocacy efforts extend beyond climate and nature to encompass governance-related issues as well.

- **Investor Statement on Shareholder Rights.** This statement advocates for policies that protect shareholder rights and ensure that companies are held accountable for their actions. The investors believe that the current system of shareholder advocacy in the United States should not be undermined, and an increasing number of companies should not defer to the court system to settle disagreements on shareholder proposals.



VERBOND VAN VERZEKERAARS



## Important legal information

This NN Group Active Ownership Report 2024 update provides an overview of our engagement and voting activities for proprietary assets. It details our policies, engagement outcomes, and how we used our voting rights for equity investments. The report also covers engagement activities in listed equities and corporate fixed income, highlights industry collaborations, and where possible provides an indication of the next steps in our stewardship journey for the coming years.

Certain of the statements contained in this Active Ownership 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) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro or European Union countries leaving

the European Union, (4) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in investor, customer and policyholder behaviour, (11) changes in general competitive factors, (12) changes in laws and regulations and the interpretation and application thereof, (13) changes in the policies and actions of governments and/or regulatory authorities, (14) conclusions with regard to accounting assumptions and methodologies, (15) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (16) changes in credit and financial strength ratings, (17) NN Group's ability to achieve projected operational synergies, (18) catastrophes and terrorist-related events, (19) operational and IT risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (20) risks and challenges related to cybercrime including the effects of cyberattacks and changes in legislation and regulation related to

cybersecurity and data privacy, (21) business, operational, regulatory, reputation and other risks and challenges in connection with sustainability matters (please see the link to our sustainability matters definition: [nn-group.com/sustainability/policies-reports-and-memberships/policy-and-report-library.htm](https://nn-group.com/sustainability/policies-reports-and-memberships/policy-and-report-library.htm)) (22) the inability to retain key personnel, (23) adverse developments in legal and other proceedings and (25) the other risks and uncertainties contained in recent public disclosures made by NN Group.

Any forward-looking statements made by or on behalf of NN Group 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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