



Creating and sharing value

We aim to create long-term value for our stakeholders – customers, employees, investors and society at large.



Creating and sharing value – Customers

Excellent customer experience

We want to empower customers to make the right financial decisions in life. By providing products, services and tools that are easy to understand, transparent and offer fair value.

Creating value for our customers

To meet our customers’ needs, we aim to deliver value-adding products and services for every stage of their lives. For example, through life insurance products that protect people against the financial risk of a long life without sufficient means of support, or dying at an early age; through non-life products that protect their valued assets; through our banking businesses helping customers save money and buy a home; and, as an asset manager, by offering savings and investment products that help ensure people’s long-term income.

To ensure they are transparent and serve the customer’s interests, all our products undergo a careful product approval and review process (PARP) before we introduce or adapt them.

A ‘You Matter’ mindset

An integral part of our PARP process are our Customer Golden Rules. They form a key component in our approach towards becoming a customer-driven company. NN Group wants to be known as the ‘You matter’ company; a people-oriented financial services provider. To this end:

- We offer fair value to customers
- We explain the risks, returns and costs of our products and services
- We regularly assess products, services and distribution practices
- We only work with professional and licensed distributors

Customer empowerment

We aim to create long-term value for our customers by empowering them to improve their financial decision-making. We do so through financial planning tools aimed at increasing the customer’s knowledge and understanding of financial matters. We also work with partner organisations specialised in this area.

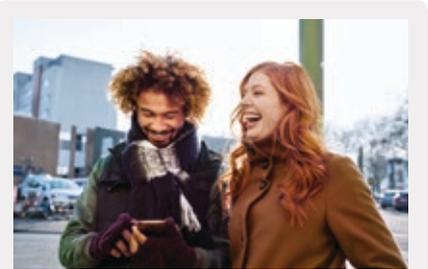
To raise awareness of pensions in the Netherlands, we supported the National Institute for Family Finance Information (Nibud) in creating an online tool where people can check whether they risk having an inadequate pension to support themselves when they retire. The resulting Geldplan Pensioen is available on the Nibud website and distributed via municipalities in the Netherlands. By year-end 2018, 5,538 people had used the tool. NN also introduced a new online application for pension contributors close to pensionable age. This lets users assess their risk appetite by completing a risk profile questionnaire, calculate how much pension they are likely to receive based on product choices and request an offer for a suitable defined-contribution pension product.

Customer satisfaction and our brand

To measure how our customers value our products and services, we use the Net Promoter Score (NPS). NPS allows us to collect, evaluate and act on a continuous stream of customer feedback, so we can drive improvements in our product portfolio and customer service.

In 2018, eight of our insurance businesses had a better NPS relationship (NPS-r) score compared with the market. We measure NPS-r in all our markets for all banking, life insurance and pensions business lines. NPS-r and customer satisfaction measurements for asset management are conducted amongst institutional clients once a year.

To track how our brand is perceived externally we use the NN Global Brand Health Monitor (GBHM). At least twice a year, we measure key brand indicators and obtain insights into NN’s brand performance and development. Aided brand awareness improved significantly in Belgium and Poland. In all other markets aided brand awareness remained at the same level, except for Hungary.



Our objectives and 2020 targets

- Be recognised as a ‘You matter’ company: a people-oriented service provider in the long-term financial planning industry
- Improve relational Net Promoter Scores (NPS)
- Increase the number of products and services with social and environmental added value¹

How we performed in 2018

- Our customers do recognise us as the ‘You matter’ company. Recognition increased in 4 out of 12 markets
- NPS-r above market average in 8 of 12 markets
- Increased awareness of customer need for value-added products and services

¹ For our performance on increasing the number of products with social and environmental added value, we also refer to page 46.

Creating and sharing value – Customers continued

We measure the NPS-r to assess the strength of our relationship with customers. This score provides a high-level understanding of customer satisfaction levels regarding our products and services over a long-term period. The sample base in the GBHM consists of NN customers who did not necessarily have contact with NN. This is therefore a different NPS metric than the NPS reported in the Delivering on our strategy – Netherlands chapter. We measure the NN NPS-r score for the individual business units.

In 2018, our NPS-r score in Hungary and Spain decreased compared with both 2017 and the market average. In Poland, Turkey and Romania, our NPS-r score increased compared with both 2017 and the market average. We are careful in drawing conclusions from decreased or increased NPS-r scores based on one year; however, we will monitor the

scores closely. In addition, we measure the transactional NPS on a local level for specific events. In this case, the survey is especially designed to measure how a recent interaction impacts the customer's satisfaction. This provides us with the opportunity to continuously improve the customer journey. Over time we expect this will impact the relationship NPS as well.

Additional support

NN reaches out to people who may not have access to insurance and could benefit from additional support. Because we are aware that people can face financial and social challenges in life, we try to anticipate their specific needs and individual circumstances to provide a positive and inclusive experience for a wide range of different social and economic groups.

Products with social added value

In Hungary, we launched a new proposition providing overall protection for children and financial security for a child's future. This includes benefits tailored to a child's needs, covering accidents, illnesses and surgeries typical to children. Also in Hungary, a new cooperation was launched with Medicina Health Fund. Some 50,000 members of the health fund and its beneficiaries received a group life insurance with 24/7 medical call centre services.

In Japan, we offer a life insurance product that provides critical illness coverage in cases of cancer, acute cardiac arrest or stroke. It was developed to support small business owners who are unable to manage their company due to critical illness.

In Romania, we provide a health insurance product that offers affordable access to private care. In 2018, we continued to enhance this proposition with new benefits relevant to clients in line with healthcare trends, such as the coverage of expenses related to surgery performed in ambulatory medical care (outside hospital).

Net promoter score

	NPS-r compared to 2017	NPS-r compared to market average
1. Belgium	Improved	Below
2. Bulgaria	Decreased	Above
3. Czech Republic	Decreased	Above
4. Greece	Decreased	Above
5. Hungary	Decreased	Below
6. Japan	Maintained	Below
7. Poland	Improved	Above
8. Romania	Improved	Above
9. Slovakia	Decreased	Above
10. Spain	Decreased	Below
11. The Netherlands	Decreased	Above
12. Turkey	Improved	Above

Building our brand

NN's campaigns focus on understanding people's deeper motivations in life. Branding activities let us interact more frequently and connect emotionally with our audience. We want campaigns to inspire people to take care of what matters to them most. In 2018, our digital campaigns reached millions of people across Europe and Japan.

The Pass it on campaign celebrates the uniqueness of people, and the unexpected things we share with our nearest and dearest. We asked people what they hope to pass on to the ones they love, before encouraging them also to pass on financial security.

The high engagement with the content showed that, while life insurance remains a sensitive and complex topic, the campaign's approach not only put across the core message but also reached people on an emotional level. Pass it on ran in Romania, Hungary, Belgium and Japan, getting over 2.2 million views (≥ 10 seconds). In 2019, the campaign will launch in Greece and Spain.

The Why I matter campaign was a social experiment around the existential question: 'Why do I matter?' People were then told their loved ones had secretly written the answer in a letter they were asked to read aloud. The campaign aimed to inspire people to take care of the financial future of their loved ones.



Creating and sharing value – Customers continued

In Spain, we launched a new modular insurance protection solution in 2018 that lets customers pick the personal mix of protection covers to suit their life stage and circumstances. NN offers financial support in the form of monetary benefits, but also advice and tangible health services which include the use of an app that allows customers to chat in real time with medical doctors from a wide range of specialities.

Financial inclusion

Through our membership of the Dutch Insurers Association (Verbond van Verzekeraars), we have a partnership with microfinance organisation Qredits and are also involved with the Foundation for Sustainable (Micro) Pensions in Developing Countries (SDMO). In India, SDMO works with local partner the Development of Human Action (DHAN) Foundation, who have developed a defined contribution scheme where the administration and investment management are arranged by a local life insurance provider. In 2018, 43,352 people participated in the scheme.

Dutch unit-linked products

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 formal process for reaching out to customers initiated by the AFM for the sector was completed by the Dutch insurance subsidiaries of NN Group on 31 December 2017.

The AFM has recently confirmed that the Dutch insurance subsidiaries of NN Group have fulfilled their obligations towards customers pertaining to customer reach out. 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 2018, the portfolios of Dutch insurance subsidiaries of NN Group comprised approximately 450,000 active policies. In a limited number of cases (less than 1,000), 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 121-123 of the Financial Report (note 42).



To get closer to our customers and further improve our products, we are continuously exploring new forms of collaboration that can help transform our business.

Tjeerd Bosklopper,
Chief Transformation Officer



Green lifecycle

BeFrank, NN's premium pension institution (PPI) in the Netherlands, offers a special 'green' lifecycle with sustainable funds of Triodos Investment Management. For pension scheme members in this lifecycle, BeFrank introduced a Sustainable Impact Dashboard: an overview of the environmental impact of their pension capital. The impact is shown on the basis of three pillars: waste production, water consumption and CO₂ emissions.



Supporting customers in arrears

We want to be a positive force in the lives of customers. That means being there not only when things go well, but also in difficult times. NN Bank uses an early-warning system for mortgage customers at risk of being in arrears. Depending on a customer's personal situation, NN can provide a budget or job coach or restructure the mortgage contract. In 2018, we helped 353 customers this way.

NN is a member of the Creditors Coalition (Schuldeiserscoalitie), where creditors cooperate to find solutions to the increasing problem of payment arrears and debts. As a coalition partner, NN promises to adhere to ten principles that prescribe an ethical way of approaching customers.

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

Empowered and engaged employees

We want our colleagues to thrive. By providing a stimulating, diverse work environment, we give them the opportunities they need to develop their skills and fulfil their potential.

The integration of Delta Lloyd in the Netherlands and Belgium continued to be a priority in 2018. Internationally, our focus was on further strengthening our ‘You matter’ culture and building a strong brand in all our markets. Our ambition is to be recognised as an employer of choice, so we can attract and retain the talent we need to grow the company.

Delta Lloyd integration

Supporting and implementing organisational changes as part of the integration of Delta Lloyd and NN was a key activity in 2018. We focused on creating diverse teams, combining the different competencies, experiences and cultures to further strengthen entrepreneurship, creativity and customer centricity.

Nevertheless, we recognise that an integration process of this scale is impactful and directly or indirectly affects our employees. In 2018, approximately 1,300 people in our Dutch and Belgian businesses left. This was partly the result of restructuring and redundancies, as well by their own choice. The number also includes regular natural turnover.

A continuing focus for our Human Resources department is to assist those employees whose jobs are affected. The Outplacement Centre helps employees who have been made redundant. Of those who chose ‘from job to job’ support in 2018, approximately 70% were successfully placed within the provided timeframe.

Driving strategy through leadership

Across our businesses, we focus on empowering our leadership. NN’s strategic priorities require that management embrace new ways of working, become more aware of their impact as leaders and drive results without resorting to traditional top-down leadership.

For International Insurance, we are supporting leaders with adaptive leadership sessions. In 2018, we invested in workshops on five themes aimed at improving the management of leadership challenges. These efforts will continue in 2019, including in the Netherlands.

The Strategic Leadership Agenda (SLA) was launched in the Netherlands in 2018. The SLA is a new approach that strongly engages people in defining our collective ambition in the Netherlands, setting goals and implementing our overarching strategy. It is aimed at empowering our people to take ownership and drive change across the organisation. Through dialogue and supported by events, colleagues are fully involved in building, living and sharing the strategy. This process will continue in 2019.

Building a culture of performance and development

In 2016, we piloted an adjusted performance management cycle, with additional pilots in 2017 in the Netherlands and Poland. In 2018, we reviewed the findings from the pilot groups and implemented quarterly reviews across the company to stimulate a more continuous dialogue. The pilot group found that more frequent dialogue led to higher engagement and employees taking greater ownership of their performance.

Through the adjusted performance management cycle, we are supporting the agile business transformation in International Insurance. Alongside the regular, informal feedbacks and feedforwards that are part of the methodology, teams also participate in the quarterly performance snapshots that align with the rhythm of the new way of working.



Our objectives and 2020 targets

- Strengthen our employee journey through our onboarding experience
- Stimulate our talents and strengthen our talent pipeline
- At least 30% women in senior management positions
- Continue to strengthen employee engagement

How we performed in 2018

- EUR 21.5 million spent on training and development — up 2% per FTE
- 33% women in senior management positions — up 1% point
- Slight increase in employee engagement from 7.0 to 7.1¹

¹ In 2018 we introduced a new metric for measuring engagement. The equivalent measurement used in 2017 was 66%.

Creating and sharing value – Employees continued

Training and development

NN is committed to life-long learning and offers a wide range of options for employees to develop their knowledge, competencies and skills. In 2018, NN Group invested EUR 21.5 million in training and development.

To offer our people unique learning opportunities and help them build valuable networks, we offer long- and short-term internal assignments, within other departments or businesses. Job rotation schemes provide additional opportunities to explore new career paths.

In 2018, we introduced an adaptive leadership training for all senior leaders. The aim of this programme is for leaders to develop and learn together, and become even better at managing their day-to-day leadership. It asks our leaders to develop their ability to build emotional commitment and create a safe environment for growth and innovation. In 2018, we organised 9 sessions, which were attended by over 70 leaders.

Digitalisation

We continue to digitalise HR processes and systems across the company and are exploring how best to use data for decision-making. We already use robotic process automation (RPA) to make processes more efficient. Last year, we used seven robotic processes to automate our onboarding. By experimenting with and testing new processes in the Netherlands before they are rolled-out internationally, we aim to create a smoother experience for our colleagues.

We will monitor how digitalisation impacts our workforce, and will continue to assess how we can help our colleagues develop relevant skills.

NN Poland started using predictive analytics for the recruitment of candidates to the Tied Agency Channel. To improve retention rates and productivity, the model constructed a candidate profile based on the five characteristics statistically most likely to influence retention. The first results will be available in 2019.

Our commitment to ensuring the security of our data extends to our colleagues. The General Data Protection Regulation (GDPR) was implemented for our HR systems in Europe, and all employees were required to complete an e-learning on the GDPR.

Enhancing onboarding

In 2018, we introduced an onboarding app in the Netherlands, previously used for NN Investment Partners (NN IP) globally and Delta Lloyd, which was developed to improve the onboarding experience of new internal and external employees.

The My Onboarding app provides information to new employees before they start at NN on our work environment and values. NN Netherlands has exchanged best practices with NN Poland, who also introduced an onboarding app, to improve both applications. We are also exploring the possibility of using the app in other countries.

Equal opportunities and diversity

At NN, we believe everyone, including colleagues, should feel respected and valued for who they are, regardless of gender, age or background. We also believe a diverse workforce creates diversity in thinking, skills and experience, which better equips us for the future. In 2018, 33% of our senior leaders were non-Dutch.

NN WE is our internal network that promotes diversity and inclusion. During NN Values week in the Netherlands, NN WE held an event on diversity that examined how employees can align their personal values with the NN values of care, clear, commit. NN also participated in the 2018 Rotterdam Pride Walk. Read more on Values week on pages 53-54.

To enhance the attraction and retention of talents, NN Life Netherlands organised a diversity job market and dinner.

TEDxAmsterdamWomen

NN Group is committed to promoting female leadership. We therefore support a number of initiatives outside our company. In 2018, NN partnered with TEDxAmsterdamWomen. Both NN and TEDxAmsterdamWomen support women in reaching their potential, and want to celebrate talent and invite people to share their ideas.

TEDxAmsterdamWomen, part of the global TEDxWomen conference, provided a stage for inspiring women under the theme 'Bridging the Gap'. The conference focused on the unique way in which women contribute to shaping the future. In addition to sponsoring the event, NN offered mentoring to two of the event's speakers.



Creating and sharing value – Employees continued

Female leadership

NN Group is committed to promoting female leadership, including through facilitating awareness discussions and training sessions. We have also set targets: our aim is for a minimum of 50% of new recruits to management roles and 30% to senior leadership positions to be female. In 2018, 33% of our senior leaders and two out of four appointments to the NN Group Management Board were women.

In 2018, we completed an analysis on equal pay. We identified that discrepancies in equal pay are limited, but we see room for improvement in certain areas. In the Netherlands, for example, we found that men have a longer tenure, leading to a relatively higher position on salary scales. We do see, however, that women – who represent 48% of our workforce – are on the rise throughout our businesses. This is also reflected in the representation at senior levels. Equal pay is a recurrent topic on the agenda of the Management Board and Supervisory Board.

NN is included in the 2019 Bloomberg Gender-Equality Index, based on our performance data from 2018.

Employee rights and representation

In many countries, employee consultation is arranged through works councils. In 2018, the European Works Council was consulted on the acquisition of Aegon activities in the Czech Republic and Slovakia, and on the intention to consolidate NN IP Luxembourg.

In the Netherlands, as part of the integration of Delta Lloyd, the members of the Delta Lloyd Central Works Council joined the NN Group Central Works Council, and the members of the Delta Lloyd–OHRA Works Council joined the relevant works council in the Netherlands business units. The ABN Amro Insurance (AAV) Works Council continues to exist, and the Delta Lloyd Central Works Council will continue to formally exist until all employee benefits and policies are integrated.

An overview of the Central Works Council members of NN Group and Delta Lloyd and European Works Council members of NN Group is on page 36 of the Financial Report.



Diversity in thinking, skills and experience enables us to be optimally equipped to meet changing customer needs, remain an attractive employer and adapt to new market circumstances.

Dailah Nihot,
Chief Organisation & Corporate Relations



Business decisions explained

Attracting and retaining talent in today's world



Digital transformation is one of the strongest disruptions we have seen in recent decades. It has changed the way businesses are run; expanded the competitive landscape with new, non-traditional players; established new opportunities and business models; and influenced how customers want to and can interact with us. We therefore dedicate resources to understanding how our company can best adapt and transform to deal effectively with these developments. To take full advantage of the digital transformation and new technology, it is critical for companies to ensure they are capable of attracting the right professionals, with the relevant digital skills. This particular group of talented people is in high demand. Research indicates that by 2020, 30% of technology jobs will be unfilled, due to a shortage of digital talent. In a candidate-driven market, where talents are much sought after and can choose the digital jobs that most appeal to them, attracting and retaining trainees and candidates is a challenge.

Where traditionally traineeships and entry-level jobs at large corporates were attractive and popular amongst talented graduates, many large corporates must now reinvent themselves to attract these in-demand (digital) talents. More than ever, young talents are considering starting their career at a startup or scale-up, or as an entrepreneur.

In addition, research shows that many young talents are looking for meaningful work. They highly value companies that put an emphasis on sustainability and have a social mission. They care about the impact of their work and want to know how a company's products and services impact society. This also creates opportunities: where previously young startups and large corporates were cautious about interacting with each other, today we see many such partnerships and collaborations taking place. At NN we understand the importance of collaborating with and supporting startups. We do so through various partnerships as well as through our innovation labs, known as SparkLabs.

Creating and sharing value – Employees continued

In 2018, negotiations started for a single, integrated collective labour agreement (CLA) for NN and former Delta Lloyd employees in the Netherlands. The results of the CLA negotiations were announced in December and subsequently voted on in January 2019. As a majority of the trade union members did not vote for the proposed CLA, the Delta Lloyd CLA still applies and the NN CLA remains in force.

Both the trade unions and the employer acknowledge the importance of creating a single package of employment conditions for NN employees in the Netherlands, and negotiations continue in 2019.

Becoming an employer of choice

Being considered an attractive employer strengthens our position in a competitive labour market. We are confident we have the culture, practices and processes in place to provide the best opportunities for our employees. This view is endorsed by our being recognised as a top employer for 2019 in ten countries: Belgium, Bulgaria, Czech Republic, Greece, Hungary, Poland, Romania, Slovakia, Spain and Turkey, compared with just three in 2018.

Employee engagement

Having engaged, committed employees is key to better serving our customers. In times of change, it is important we understand the areas where we are improving and where we are not.

In 2018, we introduced a new survey tool, Peakon, to better measure and track employee engagement. Peakon replaces the Yearly Engagement Survey (YES). NN IP and NN Bank in the Netherlands piloted the new tool in June, and the global engagement survey took place for the entire company in November. 85% of employees completed the global survey.

The interactive Peakon platform provides greater insights and more advanced analytics, and allows for more frequent measurements. Managers received a results dashboard one week after the survey, compared with four to six weeks previously. Employees can leave anonymous comments, encouraging frank feedback. More than 50,000 comments were made during the global survey, leading to useful insights, context and background.

Global engagement levels increased to 7.1 in 2018 (2017: 7.0). The strongest drivers of how employees experience NN as a place to work are growth, autonomy and meaningful work. The statements 'The work I do is meaningful to me' and 'I feel I am given enough freedom to decide how to do my work' had the most positive results. Through the survey we identified employees' understanding of strategy (globally and within the business units), efficient processes and encouraging healthier lifestyles as three areas where we can improve.

Health and well-being

Health was identified as an improvement area in our global engagement survey, with employees expressing the need for more exercise opportunities at work. To encourage a healthier lifestyle and more balanced life among employees, we launched several initiatives.

Examples include breathing technique workshops in Turkey and a monthly health & safety committee in Japan. In Spain we launched an in-house medical service, and in the Netherlands, we launched a pilot programme, Fit by Nationale-Nederlanden. Read more about Vitality on page 24.



7.1

Employee engagement



85%

Participation rate

Peakon engagement scores

Score	Statement	Detractors 0-6	Passives 7-8	Promoters 9-10
7.1	Overall engagement score	28%	49%	23%
7.9	The work I do is meaningful to me	15%	48%	37%
7.7	I feel I am given enough freedom to decide how to do my work	15%	49%	33%

Creating and sharing value – Investors

Attractive returns for investors

We aim to offer investors attractive long-term returns, and we want to be transparent by providing them with high-quality, clear, accurate and timely 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 28 of the Financial Report.

Major shareholders

According to the AFM register as at 12 March 2019, the following shareholders have an interest of 3% or more in NN Group on the notification date¹: BlackRock, Inc. (3.89% – 19 June 2018), APG Asset Management N.V. (3.00% – 2 August 2017), RRJ Capital II Ltd. (9.60% – 23 May 2017), and Franklin Mutual Series Fund Inc. (3.87% – 27 May 2015).



Our financial targets

- EUR ~400 million cost reduction² by 2020
- Annual earnings growth of 5-7% on average in the medium term³
- Over time, generate free cash available to shareholders in a range around the net operating result of the ongoing business⁴

How we performed in 2018

- Operating result growth of 3%⁵
- Administrative expense base of business units in scope reduced by EUR 156 million²
- Total free cash flow of EUR 1,216 million
- Proposing a total 2018 dividend of EUR 1.90 per share⁶

1 The stated percentages are the interests reported by the relevant shareholder to the AFM on the indicated dates. It is possible that the stated interests differ from the current interests of the relevant shareholder.

2 In total for the following units: Netherlands Life, Netherlands Non-life, Belgium, Asset Management, Banking business, and Corporate/Holding entities.

3 Annual growth rate of operating result before tax of the ongoing business on average in the medium term, based on 2017 operating result.

4 Net operating result of the ongoing business, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, assuming normal markets, no material regulatory changes and no material special items other than restructuring charges.

5 Operating result before tax of the ongoing business 2018 versus 2017.

6 Representing a pay-out ratio of 50% of the net operating result of the ongoing business.

Listing

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



Authorised and issued capital

in EUR million	Year-end 2018	Year-end 2017	Year-end 2016
Ordinary shares			
– authorised	84	84	84
– issued	41	41	40
Preference shares			
– authorised	84	84	84
– issued	0	0	0

Number of shares in issue and shares outstanding in the market

	Year-end 2018	Year-end 2017	Year-end 2016
Authorised share capital	700,000,000	700,000,000	700,000,000
Issued share capital	341,059,071	340,750,342	334,851,371
Own ordinary shares held by NN Group	6,554,128	6,609,781	10,800,817
Outstanding ordinary shares	334,504,943	334,140,561	324,050,554

Creating and sharing value – Investors continued

Dividend policy

NN Group intends to pay an ordinary dividend in line with its medium-term financial performance and envisages an ordinary dividend pay-out ratio of 40-50% of the net operating result from ongoing business. NN Group intends to pay interim dividends calculated at approximately 40% of the prior year's full-year dividend. Barring unforeseen circumstances, NN Group intends to declare an interim dividend with the disclosure of the second quarter results and to propose a final dividend at the Annual General Meeting (AGM) of shareholders. When proposing a dividend, NN Group takes into account, amongst other things, the capital position, leverage and liquidity position, regulatory requirements, and strategic considerations, as well as the expected developments in these areas.

Dividends are paid either in cash, after deduction of withholding tax if applicable, or in ordinary shares from the share premium reserve at the election of the shareholder. We intend to neutralise the dilutive effect of the stock dividend through repurchase of ordinary shares. In addition, capital generated in excess of NN Group's capital ambition is expected to be returned to shareholders unless it can be used for any other appropriate corporate purposes, including investments in value-creating opportunities. NN Group is committed to distributing excess capital in the form that is most appropriate and efficient for shareholders at that specific time, such as special dividends or share buybacks.

At the AGM on 29 May 2019, a final dividend for 2018 will be proposed of EUR 1.24 per ordinary share. Together with the 2018 interim dividend of EUR 0.66 per ordinary share paid in September 2018, NN Group's total dividend for 2018 will be EUR 1.90 per ordinary share, which is equivalent to a dividend pay-out ratio of 50% of NN Group's full-year 2018 net operating result of the ongoing business.

This represents an increase of 14.5% compared with the total 2017 dividend, reflecting the additional cash flows from the Delta Lloyd transaction.

NN Group shares issued and share buyback programme

On 25 June 2018, NN Group issued 3,918,712 ordinary shares as stock dividend for payment of the 2017 final dividend, representing an aggregate value of EUR 142 million. For payment of the 2018 interim dividend, 2,566,901 ordinary shares were issued as stock dividend on 10 September 2018, reflecting an aggregate value of EUR 95 million.

To neutralise the dilutive effect of the stock dividend, in 2018 NN Group repurchased ordinary shares for EUR 237 million, related to the 2017 final and the 2018 interim dividend.

In February 2019, NN Group announced that it would execute an open market share buyback programme for an amount up to EUR 500 million over 12 months, which commenced on 1 March 2019. NN Group intends to cancel all of the shares acquired under the programme. NN Group will report on the progress of the share buyback programme on a weekly basis on its corporate website: www.nn-group.com.

On 11 April 2018, 6,176,884 NN Group treasury shares that had been repurchased under the share buyback programme completed in December 2017 were cancelled.

Warrant agreement

The warrant agreement entered into between NN Group and ING Group on 10 June 2014 was terminated on 15 November 2018 for a consideration of EUR 76 million. This transaction eliminated potential share dilution.

Credit ratings

On 6 June 2018, Standard & Poor's published a report confirming NN Group's 'A' financial strength rating and 'BBB+' credit rating with a stable outlook. On 20 June 2018, Fitch confirmed NN Group's 'A+' financial strength rating and 'A' credit rating with a stable outlook.

ESG ratings

In the area of sustainability, we are rated by specialised research agencies and included in indices, such as the Dow Jones Sustainability index. Read more on page 70.

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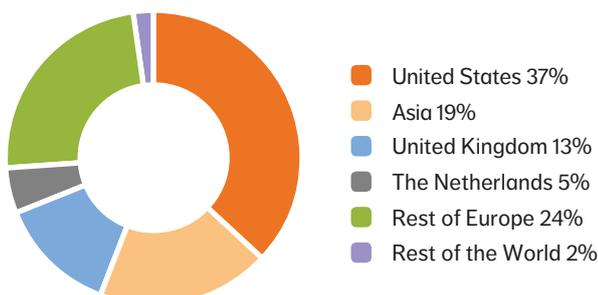
We have an open and constructive dialogue with the investment community with the aim of providing a full and clear understanding of NN Group to the market, and at the same time receiving valuable feedback from our shareholders and bondholders.

Delfin Rueda,
Chief Financial Officer

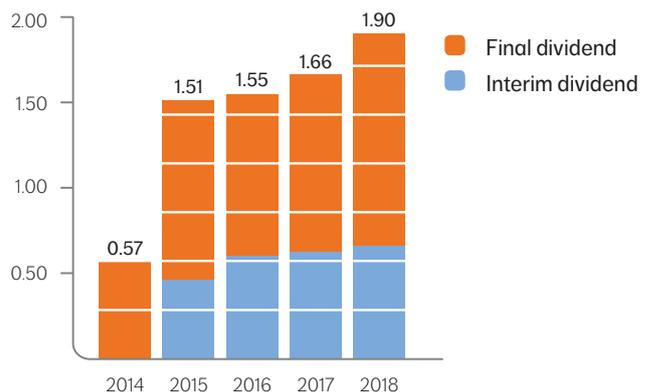


Diverse shareholder base

IHS Markit shareholder analysis at 31 January 2019 (%)



Dividend per share (EUR)



Creating a positive impact on society

We want to have a positive impact on society, by investing our assets responsibly, managing our direct environmental footprint, and through our activities in the communities where we operate.



Our objectives and 2020 targets

- Further develop our Responsible Investment (RI) Framework policy
- Continue to increase our Assets under Management (AuM) in sustainable and impact funds and mandates, and to expand our product offering
- Reach out to at least 100,000 young people through NN Future Matters programme; help 11,625 households out of poverty and debt
- Reduce direct CO₂ emissions (tonnes) by 3% per year

How we performed in 2018

- Revised RI Framework policy, including broadening of exclusionary criteria
- Strong (+53%) increase in our AuM in sustainable and impact funds and mandates to EUR 16.5 billion
- 38,536 young people reached through NN Future Matters programme, now exceeding our 2020 target
- 8% decrease in direct CO₂ emissions; CO₂ emissions per FTE decreased by 6%

Responsible investment

NN Group's Responsible Investment (RI) Framework policy sets out our responsible investment vision and approach: we integrate environmental, social and governance (ESG) factors into our investment processes and ownership practices; we prefer inclusion backed by active ownership to exclusion, but also have restrictions; our asset manager offers a range of sustainable and impact investment strategies.

Supporting ESG integration

In 2018, NN Group revised its RI Framework policy. Norms-based criteria were introduced reflecting our investment beliefs and values, relevant laws, and internationally-recognised norms and standards. These criteria guide the investment process across NN Group.

We apply an engagement-led divestment approach. This means restriction is chosen only when we feel engagement cannot change a company's conduct or involvement in specific activities. Responsibility for assessing whether an issuer fails to meet our norms-based criteria lies with the ESG Committee of NN Investment Partners (NN IP), who are advised by the newly installed NN IP Controversy & Engagement Council. In 2018, this council met 6 times and discussed 69 individual cases.

The revision of our policy led to restrictions in two areas. First, we decided to exclude tobacco from all our investments, as we believe engagement with the tobacco sector is unlikely to solve any issues or improve the impact of tobacco use. Second, we placed restrictions on companies whose business models are dependent on the extraction of oil sands, including pipeline operators involved in oil sands transportation projects that are in dispute and where we do not expect engagement to achieve the desired results. All restricted companies have been put on our publicly available exclusion list.

Influencing companies to take responsibility

Voting is one of the most powerful tools of active ownership and we therefore vote at shareholder meetings (AGMs) on behalf of our own and our clients' assets. We have separate voting committees in place for the different asset types, and publish our voting record on a special website. Some of the voting is outsourced to a proxy service provider, who votes by following our proxy voting guidelines. We monitor these outsourced activities and always make voting decisions internally on a case-by-case basis for our own assets, companies on our engagement list or NN IP sustainable funds.

During 2018, NN IP voted at 2,118 AGMs on 26,839 agenda items. The increase in voting activity compared with last year reflects the addition of Delta Lloyd funds and assets. We cast more votes against management proposals, which was in part the result of our greater emphasis on climate change. NN IP voted against the election of board members where companies in carbon-intensive industries do not disclose their carbon emissions. At several AGMs we also asked the board to commit to the Climate Action 100+ programme. This is a collective engagement effort by investors with over USD 32 trillion AuM, which NN IP joined in 2018 to urge companies in the chemicals sector to take action on climate change.

In addition, we supported a large number of shareholder resolutions linked to social and environmental topics (73% and 95%, respectively). An example of a resolution which we supported is at the AGM of Royal Dutch Shell (Shell).

Creating and sharing value – Society and communities continued

The resolution asked the company to adopt carbon reduction targets in line with the Paris Agreement. Though the resolution was supported by only 5.5% of votes cast, and thus rejected by the AGM, we nevertheless believe it gave a strong signal to the company to take a more active role in leading the transition to low carbon energy sources. As such, we received positively Shell’s announcement in December 2018 that it will adopt short-term climate targets and link executive pay to its carbon ambitions. The announcement was made in a joint statement developed with institutional investors on behalf of Climate Action 100+.

We believe in the importance of an ongoing dialogue with all companies and issuers that we invest in. Through engagement, we raise awareness of ESG issues, and encourage them to improve their ESG policies and practices. Because of the active investment strategies of NN IP, our analysts and portfolio managers are in frequent dialogue with investee companies. Whenever ESG issues are a topic of discussion during our company meetings, we log them in a database. The chart below shows that we had 521 ESG dialogues with issuers in 2018. The increase on last year reflects changes in the way we collect the information. In addition to engagements conducted by our equity analysts, portfolio managers and ESG specialists, we also started to track the dialogues that fixed income analysts and portfolio managers had with corporate and sovereign issuers.

We also extended our collaboration with the service provider, GES, who carried out engagements with 119 companies, focusing on compliance with internationally recognised conventions and guidelines on ESG issues.

In 2018, NN IP concluded a three-year engagement with 20 companies in the power utility sector. Aided by GES, we encouraged best practice in managing carbon emissions and climate risk. During the engagement period, there were overall improvements in the companies’ proactive stance on climate issues and especially in their reporting of greenhouse gas emissions. Several of the Asian companies showed increasing interest during the final year of engagement, partly reflecting growing regulatory reporting requirements and government pension fund demands. There was also progress on emissions reduction targets and action plans, as companies are being increasingly evaluated on their adherence to science-based targets or similar disclosure. However, results remained unchanged in areas such as risk assessment and mitigation strategies for over half of the engagement companies. We are currently defining steps for follow-up and further engagement.

For more examples of how we engage with companies and sectors, please see NN IP’s Responsible Investing report 2018 on our website.



Engaging with the Oil & Gas sector on climate change

The Oil & Gas sector is particularly exposed to the associated risks of climate change, given its vulnerability to a low-carbon world and the fact that its operations, services and products make it a leading contributor to global warming. We therefore feel companies in the sector should be transparent in explaining how they are adapting their business strategies and reporting the risks they face.

In an effort to ensure consistency in its engagement efforts, in 2018 NN IP carried out an analysis of 49 companies in the Oil & Gas sector globally, and found significant variation in the level of detail they disclose on their activities and the associated climate change risks. European Oil & Gas giants, for example, are far more transparent about the integration of climate-related risk into their models than their American counterparts, and Oil & Gas companies in emerging markets appear even more reluctant to publish details. To try to address these inconsistencies between companies, NN IP developed engagement targets that expect all companies in the Oil & Gas sector to develop a clearly outlined transition plan (for more details, please see NN IP’s publication ESG Perspective – The risks of climate change in the Oil and Gas Sector, November 2018).



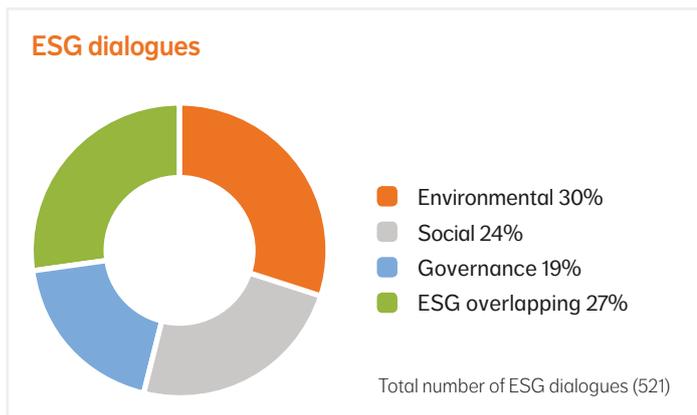
2,118

Number of shareholder meetings at which we voted



521

Dialogues with companies on ESG factors



Creating and sharing value – Society and communities continued

Making a positive impact through our investments

NN IP offers a wide range of sustainable and impact investing strategies to meet customers' growing demand for products that both have a positive impact on society and the environment, and generate solid financial returns. Total AuM in our sustainable and impact investing products grew by 53% to EUR 16.5 billion at year-end 2018. This increase was helped by the addition of the Belgian Star Fund and the NN-FMO Emerging Markets Loans Fund, as well as the merging of Delta Lloyd funds with NN sustainable funds.

For NN Group's own assets, too, we look for investments that have a positive impact on society while still meeting our investment criteria. For instance, within our infrastructure debt portfolio, we finance projects in the area of renewable energy and resource efficiency, such as solar and windfarms, district heating projects, and water and wastewater treatment facilities. NN Group also invests in green bonds. In total, our investments in climate-related infrastructure projects and green bonds amounted to EUR 663 million at year-end 2018.

In 2018, NN Group committed to helping Dutch municipalities to make public-use real estate, such as schools and town halls more energy efficient. Read more on our cooperation with Bewust Investeren BV and BNG Bank on page 51. Other investments aligned with the SDGs include NN's investment in the NN-FMO Emerging Markets Loan Funds as well as a private equity fund focused on investing in the areas of resource efficiency and pollution control in Europe. Each fund will measure the contribution to the SDGs using its own impact methodologies.

Finally, we continue to invest in increasing the energy-efficiency of our private real estate assets, using the Global Real Estate Sustainability Benchmark (GRESB) as the primary tool to evaluate our progress. In the 2018 assessment, NN's portfolio of funds, joint ventures and directly-owned buildings improved its score for the fourth consecutive year, scoring 80 out of 100, well above the benchmark of 66 for European private real estate.



EUR 16.5bn

AuM in sustainable and impact investing funds and mandates

Update on engagement with the palm oil sector



Palm oil is a popular commodity in consumer-related products. However, the list of controversies associated with palm oil is a long one: deforestation; air, soil and water pollution; climate change; and human rights challenges. These issues have raised awareness about some of the problems facing the sector and many NGOs are targeting stakeholders, including investors, to take action. While one NGO has urged us to exclude palm oil companies, others have encouraged us to continue our efforts to engage with such companies, in order to instigate change.

Our engagement approach

Because of the complexity of the supply chain, we do not believe exclusion is the answer, and prefer instead to use our influence to improve standards in the sector. In 2017, we developed an engagement approach, whereby we focus on all parties throughout the supply chain, from palm oil producers to retailers. We engage with these companies both individually and collectively through the PRI working group on Sustainable Palm Oil in which NN IP leads several important engagements with growers.

The results so far

Several companies have shown a commitment to sustainability and most have now established a detailed policy. For example, one company has implemented a sustainability policy, in which they included no deforestation, no peat, no exploitation (NDPE) conditions and an assessment of high conservation value (HCV) areas, that commits them not to develop these. We will monitor the implementation of the policy. For many retailers, growers and traders, implementation of their policies and improving transparency will be the next challenges.

During 2019, NN IP will expand its engagement efforts to several regional banks in Asia to improve financing arrangements and make sure that sustainability agreements are being upheld. We have developed a scorecard and use tools such as the online platform, Sustainable Palm Oil Transparency Toolkit (SPOTT) and general ESG research to monitor and engage with these companies in order to drive improvement by all parties in the supply chain.

Creating and sharing value – Society and communities continued

Responsible tax strategy

We believe that a responsible approach to tax is an essential part of good citizenship. The planning of our tax position is consistent with our business operations, 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 communicate publicly on our website through our 'Tax Strategy and Principles' and the 'NN Group Tax Charter'.

Within NN, we aim to create tax awareness via the intranet, on which we share information and developments on taxation. Group Tax also organises internal trainings and courses for senior leaders and business units on different tax areas, i.e. V.A.T., wage tax, Transfer Pricing and corporate income tax. NN shares its tax strategy with stakeholders, including the tax authorities, with whom we seek to maintain good, open working relations. In the Netherlands, these are based on the 'horizontal monitoring' principle.

We also engage in dialogues with other stakeholders on taxation. For example, in April 2018, NN spoke at a roundtable organised by the Ministry of Finance on tax avoidance and evasion. NN supports the Dutch government's approach towards this issue. We believe it is important that profits are taxed against a socially accepted tariff, where those profits are realised. This is in line with one of the key principles of NN's taxation policy: we structure our tax affairs based on a business rationale. This means we do not make use of tax havens or tax-avoiding structures. Another key principle

of our policy is being transparent about the taxes collected and paid to governments in the different countries where NN operates. We provide an overview of corporate income tax on a country-by-country basis. Read more on pages 97-100 of the Financial Report (note 31).

As well as paying corporate income taxes, NN is also responsible for collecting operational taxes on behalf of NN Group, our customers and our employees. In 2018, NN Group paid EUR 1,278 million (2017: EUR 1,225 million) in wage taxes, of which NN contributed EUR 385 million in Dutch social premiums and employment taxes on behalf of our employees, and EUR 893 million on behalf of our clients. NN paid VAT of EUR 40 million (2017: EUR 33 million) and insurance premium tax of EUR 219 million (2017: EUR 217 million) to the Dutch Treasury. To give more insight into our tax contribution a detailed report, called 2018 Total Contribution on Taxation of NN Group will be published on our corporate website.

Financial tax disclosures

The income tax charge of EUR 524 million in 2018 represents an effective tax rate of 31.6%. The effective tax rate was higher than in the previous year (15.5%) and higher than the weighted average statutory tax rate (24.4%). This higher effective tax rate includes the impact of the announced decrease in the corporate tax rate in the Netherlands in 2020 and 2021. This change led to an additional tax charge resulting from the recalculation of the deferred tax position to the new rates. The higher effective tax rate also includes the impact of the goodwill impairment charge, which is not deductible for tax purposes.

The income tax paid is reflected in the consolidated statement of cash flows in the Financial Report and amounted to EUR 55 million in 2018 (2017: EUR 124 million). The lower income tax paid in relation to the income tax charge reflects differences between accounting and tax rules (including the change in tax rates mentioned earlier) and tax losses and tax credit carry-forwards. We provide further details of both the tax charge and the tax paid per country in the Financial Report.

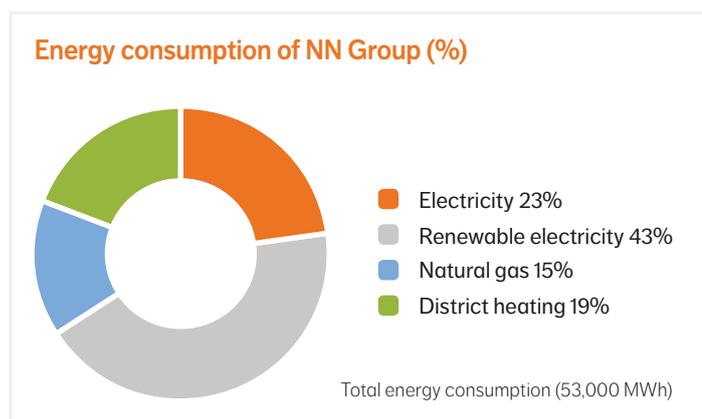
Sustainable supplier management

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. Our relationship with suppliers is based on our NN values, and we aim to work together in a mutually beneficial way. We have the supplier qualification process and governance in place for managing social, environmental and financial aspects of the procurement process.

Managing our direct environmental footprint

In 2018, we continued to manage our direct environmental footprint by efficient use of natural resources, and identifying and implementing green alternatives. By purchasing voluntary carbon credits to compensate our CO₂ emissions, we have been carbon neutral since 2007. However, we also aim to reduce our carbon emissions from direct operations (energy consumption on NN sites and business travel) by 3% per year. Our carbon emissions decreased by 8% and we purchased 66% of our electricity from renewable resources (our goal is at least 70%).

We continued to improve our environmental performance regarding office buildings. We encourage less paper consumption and waste in our offices by recycling materials and reducing use of plastic. In our headquarters in The Hague, we highlighted the issues around single-use plastics. Circular projects in the Netherlands included a focus during refurbishments on working towards zero waste and using materials that can be upcycled. We were also a launching partner of Plastic Whale Circular Furniture. This is a collection of high-end office furniture made from plastic collected from Amsterdam's canals.



Creating and sharing value – Society and communities continued



From Debt to Opportunities

Since 2018, the From Debt to Opportunities Foundation has been part of NN Group’s Future Matters programme. With 30 local not-for-profit partners, the foundation helps the 1-in-5 Dutch households with structural debt problems to acquire the financial skills to escape poverty and debt, and achieve sustainable financial security.

The Amsterdam University of Applied Sciences, which helps to research the programme’s impact, found that programme participants’ average debt decreased following participation from EUR 13,149 to EUR 7,282. Since 2016, 7,017 households have been helped, including 2,675 in 2018.

In addition to financial support, 210 NN employees volunteered 3,728 hours of their relevant expertise to projects related to the foundation.

 Read more in Dutch: <https://www.vanschuldennaarkansen.nl>

Community investment

Since 2014, we have gradually targeted our overall charitable giving towards NN Future Matters. This is NN Group’s overarching community investment programme, which aims to help improve people’s financial well-being, specifically targeting 10-25-year-olds and underserved groups. In 2018, we supported 38,536 young people and 84% of our total charitable donations of EUR 2.7 million went to NN Future Matters related target areas.

NN Future Matters focuses efforts, resources and expertise on three complementary target areas: promoting financial empowerment, creating economic opportunities and alleviating financial distress. These themes align with both our purpose and our employees’ knowledge and expertise, and have a proven positive impact on communities. By involving international and local partners, the programme aims to be both globally consistent and locally relevant.

Promoting financial empowerment

Sound financial knowledge helps people move towards a secure financial future. Our initiatives focus on the young, as responsible financial behaviour is often best developed at an early age.

During the 2018 Money Week in the Netherlands, NN colleagues gave 306 lectures in primary schools to more than 7,500 children on money and financial risk. In Bulgaria, with local partners we developed learning content on (personal) finance and aim to reach a total of over 600 students and lecturers across six universities by mid-2019. In Poland, we are involved in the DigiKids project that equips girls from orphanages with basic professional and financial skills to help them when entering the labour market.

Creating economic opportunities

Helping young people develop useful skills increases their labour market opportunities. In collaboration with Dutch not-for-profit organisation JINC, NN colleagues provide job training to young people who may lack specific role models or supportive networks. Through Stichting FutureNL, we joined Expedition micro:bit to help familiarise students with coding and programming, increasingly important skills in today’s job market. NN Group made a financial contribution and 58 NN volunteers gave talks at 33 schools.

Another way of creating economic opportunities is by encouraging entrepreneurship. In 2018, 15,913 students in 10 countries took part in the Social Innovation Relay, the flagship programme of the partnership between NN Group and Junior Achievement Europe. This is a global competition where secondary school students develop an innovative business concept to address a social need.

In Greece, in cooperation with Orange Grove and the Dutch embassy, NN Hellas organised a Meet & Greet for teams and mentors participating in the Ideas That Change Us acceleration programme. Together with NN Hellas executives, Orange Grove partners and business acceleration specialists, IdeaHackers, teams work to develop their ideas into viable businesses that contribute positively to society.

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.



EUR 2.7m

Donations to charitable organisations



13,236

Employee volunteer hours in NN Future Matters focus areas



38,536

Young people reached through NN Future Matters

Meeting the succession challenge



In Japan, many family-run SMEs risk closure because their owners cannot find successors. For this reason, as part of NN Life Japan's Future Matters programme Mirai no Shacho (Future CEO), launched the Family Business Innovation Lab, which helps young family members see the value and opportunities in joining their family business.

NN Life Japan has run workshops to share success stories and let potential family business successors meet young people who have successfully innovated their family's business.

NN Life Japan also organised a study tour to the Netherlands for three students: the potential successors of an egg farm, a construction & packaging business, and a golf course company. The tour inspired the students by showing them new business perspectives and environments. They also learned about sustainability, branding and design thinking.

“
I learned so many things that I would like to implement to my family business – like the importance of long-term perspective, and social and environmental responsibility, but also the importance of the visual presentation of your business.

Mariko Miyake
 Student

Alleviating financial distress

Even in prosperous societies, formal social services do not reach all the community's disadvantaged and underserved. Through fundraising and partnerships with local charities, NN aims to support families with children in financially challenging circumstances.

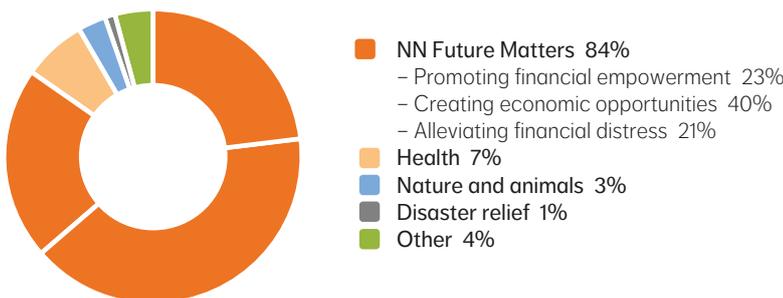
In 2018, in partnership with the LINDA foundation, which helps Dutch families in financial distress, we organised several fundraising initiatives with colleagues and suppliers.

In Romania, the Hai la gradinita! (Go to kindergarten!) project aims to get children in the poorest communities into preschool. With support from early education agency, OvidiuRo, we give children access to kindergarten and age-appropriate education materials.

To celebrate NN Future Matters' fourth anniversary in 2018 and help NN countries strengthen their structural partnerships with relevant local charities, we made additional donations of EUR 115,000 to local charities in 12 NN markets.

 **Read more:** <https://www.nn-group.com/In-society/Positive-change-in-communities.htm>

Charitable donations by theme¹ (%)



¹ Includes cash donations to charitable causes, corporate foundations and partnerships.

Contributing to the SDGs

The Sustainable Development Goals address the world’s largest societal challenges, such as poverty, climate change, health care and education. We believe that the public and private sector should work together to help achieve these goals.

How we identified our impact areas

In dialogue with both internal and external stakeholders, NN Group has chosen to focus on Sustainable Development Goals (SDGs) where the company has the biggest impact: SDG 8 (Decent work and economic growth) and SDG 12 (Responsible consumption and production).

Furthermore, we address SDG 1 (No poverty) and SDG 4 (Quality education) through our insurance products and services, and community investment activities. Our impact investment activities and different investment instruments address amongst others SDG 3 (Good health and well-being) and SDG 7 (Affordable and clean energy).

Impact investing and the SDGs

NN Investment Partners (NN IP) developed impact strategies that are primarily designed for investors who want to make a clear impact on one or more of the SDGs. We identify those industries, companies and projects that, as a result of our investment philosophies and universes, combine attractive financial returns with a clear and measurable positive impact on people, planet or prosperity. Environmental, social and governmental (ESG) factors are also integrated throughout the investment process.

Our impact strategies include both equity and fixed income funds and currently hold EUR 1.161 billion Assets under Management. This includes amongst others the Green Bond Fund which holds EUR 578 million.

Stakeholder dialogues

In 2018, we held a number of stakeholder dialogues on the SDGs. We provided input to the Dutch Central Bank (DNB) through a survey and an expert session. This resulted in a DNB report on sustainability risks and goals in the Dutch financial sector. Furthermore, during NN’s International Leadership Conference in December 2018, a workshop was organised in which we discussed how NN can further contribute to the SDGs, and how we can measure progress and set targets.

Going forward, we aim to sharpen our strategy by focusing on three themes: Inclusive Economy, Sustainable Planet, and Healthy and Secure Living. We realise that not all our activities only contribute positively, as we are for example still involved in activities that generate carbon emissions. We intend to improve our performance and the way we measure our progress on an annual basis.

Measuring business impact

SDG	Impact and opportunity	Performance in 2018
	Impact through job creation, procurement activities and community investment	<ul style="list-style-type: none"> Employee engagement: 7.1 (up 0.1 point) EUR 16.5 billion in AuM in sustainable and impact funds and mandates, an increase of 53% 38,536 young people reached through NN Future Matters
	Impact and opportunities through reduction of our direct carbon footprint and integration of ESG factors in investments	<ul style="list-style-type: none"> Reducing our CO₂ emissions per FTE by 6% and purchasing 66% electricity from renewable resources in 2018 Integrating ESG factors in investment process
	Impact through our community investment activities	<ul style="list-style-type: none"> EUR 2.7 million donations to charitable organisations 2,675 households reached in 2018 by Foundation From Debt to Opportunities
	Impact through our insurance products	<ul style="list-style-type: none"> Seven countries providing products and services with social added value that promote good health and well-being for customers
	Impact through employee training and development and Future Matters scholarship programme	<ul style="list-style-type: none"> EUR 21.5 million spent on training and development of our employees 31 scholarships provided to students from eight countries (totalling 70 students to date)
	Impact through our investments in renewable energy	<ul style="list-style-type: none"> Carbon neutrality by offsetting our remaining carbon emissions through the purchase of 23 kt. voluntary carbon credits EUR 508 million investments of own assets in direct renewable infrastructure projects and green bonds used for renewable energy

Creating and sharing value – Sustainable Development Goals continued

Examples of NN Group’s contribution to the SDGs



Decent Work and Economic Growth



Platform Living Wage Financials

NN IP joined the Platform Living Wage Financials (PLWF), a Dutch investor coalition collectively representing over EUR 537bn AuM. Under the umbrella of the platform, financial institutions come together to support, assess, and monitor investee companies with regard to their commitment to paying a living wage to the workers in their supply chains. In 2018 the focus was on the garment and footwear sector.



Responsible Consumption and Production



Investing in the SDGs

Finance and the financial sector have an important societal function, steering funds towards the most productive investments, including societal costs and benefits. Willem Schramade, Senior Portfolio Manager Impact Investing at NN IP, explains: ‘The most interesting SDGs to invest in are those where corporates have most transformational potential, and can make a real difference. For example, leading companies invent new health solutions, boost the transition to renewable energy and provide breakthrough innovations and sustainable products & services.’ In order to measure investee companies’ contributions to the SDGs, NN IP has adopted a method of tagging companies’ contributions with pluses (where it seems significantly positive), zeros (where it seems insignificant), and minuses (where it seems significantly negative).



Affordable and Clean Energy



Improving energy efficiency of real estate

In 2018, NN Group committed to helping Dutch municipalities to make public-use real estate, such as schools and town halls more energy efficient. Together with Bewust Investeren BV and BNG Bank, NN IP developed a special financing proposition, whereby a foundation set up within the municipality can purchase a building and pay to make it more sustainable. After 30 years, ownership of the building will revert back to the municipality. BNG Bank and NN Group have together made EUR 300 million in funding available over the next two years. The intention is to measure progress against impact KPIs that will be developed in cooperation with Dutch academic institutions and linked to the SDGs.



Good Health and Well-being



Excluding tobacco from investments

NN Group made the decision to exclude tobacco from all its investments, together with NN IP. The decision to extend the exclusion to all proprietary and client funds and mandates was made as part of NN Group’s Responsible Investment policy. The decision takes into account concerns regarding public health as well as the economic burden on society via the externalised economic and societal costs of tobacco. The decision applies to all equity and fixed income holdings of tobacco manufacturers, as well as all mutual funds managed by NN IP.