Facts and figures

Facts and figures – Key financial and non-financial indicators

Key financial indicators (in EUR million)

	2021	2020	2019
Operating result	2,036	1,889	1,794
Net result (after minority interests)	3,278	1,904	1,962
Operating capital generation	1,584	993	1,349
Solvency II ratio[1]	213%	210%	224%
Value of new business	428	266	358
Assets under Management (end of period, in EUR billion)	301	300	276
Dividend (per ordinary share, in EUR)	2.49[2]	2.33[3]	2.16[4]
NN Group share price (last trading day of the year, in EUR)	47.61	35.53	33.82

1 As from 2020 NN Bank is included.
2 Pro-forma 2021 full-year dividend proposal per share of EUR 2.49, comprising the 2021 interim dividend of EUR 0.93 plus the proposed 2021 final dividend of EUR 1.56.
3 Pro-forma 2020 full-year dividend per share of EUR 2.33, comprising the 2020 interim dividend of EUR 0.86 plus the proposed 2020 final dividend of EUR 1.47.
4 Pro-forma 2019 full-year dividend per share of EUR 2.16, comprising the 2019 interim dividend of EUR 0.76 plus the suspended final dividend of EUR 1.40.

Key non-financial indicators

	2021	2020	2019
Customer engagement and brand consideration			
– insurance business units scoring above market average NPS	5/11	4/11	4/11
– brand consideration[5]	23%	21%	25%
Employee engagement score	7.7	7.9	7.4
– participation in the engagement survey[6]	83%	82%	82%
Women in senior management positions[7]	34%	33%	36%
ESG-integrated Assets under Management (% of total AuM)	91%	74%	68%
Contributions to our communities (x EUR 1,000)[8]	8,000	4,704	3,200

5 Percentage for 2019 is based on the average brand consideration score from 2017 to 2019.
6 Employee engagement score and the percentage of participation consists of internal and external employees (2019 and 2018 data are adjusted to this scope).
7 In 2020, the target group for this indicator was adjusted to Management Board and Management Board minus one managerial position (instead of the composition of our Senior Leaders Group).
8 Hours of volunteering, in-kind giving (both monitised) and management costs have been included as of 2021, in line with B4SI standards.

Sustainability indices and ratings

	2021	2020	2019
Indices			
Dow Jones Sustainability Index (out of 100)	80 (Included)	84 (Included)	78 (Included)
FTSE4Good	Included	Included	Included
VigeoEiris Euronext: 120	Not included	Not included	Included
Bloomberg Gender-Equality Index	Included	Included	Included
Ratings and benchmarks			
Sustainalytics[9]	15.2/100 (low risk)	18.6/100 (low risk)	16.0/100 (low risk)
MSCI	AA	AA	A
ISS ESG research	C+	C+	C (Prime)
CDP (Carbon Disclosure Project)	B	A-	C
Transparency Benchmark Netherlands[10]	60%		50%

9 Since 2019 Sustainalytics provides ESG Risk Ratings scoring companies on their ESG risks from negligible (0-10), low (10-20), medium (20-30), high (30-40) to severe risk (40-100).
10 The Transparency Benchmark takes place every two years. The 2021 score of 60% represents a 68th position out of 236 companies. The 2019 score of 50% represents a 78th position out of 240 companies.

Facts and figures – Key financial and non-financial indicators continued

Responsible investment indicators (in EUR billion)

	2021	2020	2019
Total investment strategies integrating ESG factors (end of period)	273.7	223.4	188.8
– as part of total Assets under Management NN Investment Partners	91%	74%	68%
ESG-integrated strategies	235.8	194.3	166.1
Sustainable strategies	30.2	22.8	19.3
Impact strategies	7.7	6.3	3.5
Voting			
Shareholders meetings where we voted	3,307	3,053	2,752
– as % of total votable meetings	97%	98%	99%
Agenda items on which we voted	35,985	35,015	31,775
How we voted on agenda items (%)			
– for	83%	82%	83.2%
– against	15%	16%	14.5%
– abstain/other	2%	2%	2.3%
Countries where we voted	61	60	61
Shareholder resolutions on which we voted by topic	568	683	706
– environmental	68	57	74
– social	112	151	147
– governance	388	475	485
GRESB Real Estate Assessment scores[1]			
Private real estate – portfolio average (vs. benchmark average)	87 (78)	83 (70)	85 (77)

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

Investments in climate solutions (in EUR million)

	2021
Renewable energy investments	566
- of which: Infrastructure equity	44
- of which: Infrastructure debt	523
Certified green buildings[1]	3,817
- of which: Equity investments	3,236
- of which: Debt investments	581
Green bonds	637
Other	41
Total	**5,062**

1. Buildings within NN's non-listed real estate portfolio; the residential mortgage portfolio of NN Group not covered in this category.

To support our Paris Alignment strategy, NN Group has developed an internal framework to define 'climate solutions investments' as part of its proprietary investments portfolio. We have defined climate solutions as investments in economic activities that contribute substantially to climate change mitigation or adaptation.

As an initial step in classifying climate solutions investments, and in line with guidance from the IIGCC Paris Aligned Investment Initiative, we focused on SDG 7-related areas of energy efficiency and renewable energy. Furthermore, we supported our definitions with external certifications, asset labels, and environmental standards where possible and relevant. Our definitions are as follows:

- Green bonds: the green bonds we invest in meet the minimum standards specified in the ICMA's Green Bonds Principles and the Climate Bonds Initiative Taxonomy and Standards. Furthermore, to qualify as a green investment, it also has to meet additional criteria according to NN Investment Partner's proprietary Green Bond Assessment Methodology to confirm the actual 'greenness' of the projects and the issuer.
- Renewable energy infrastructure: Investments in projects (equity/debt) for renewable energy infrastructure in solar PV, offshore and onshore wind.
- Certified green buildings: within our real estate portfolio (equity/debt), our definition is limited to assets with an Energy Performance Certificate ('EPC') of class A, or if EPC is not available a high level of building certification (BREAAM or HQE certification of at least 'Excellent', or LEED or DGNB of at least 'Gold').
- Other: Investments that do not fall into any of the categories above, including investments in unlisted entities. For example, impact private equity funds that target and report on clearly defined climate impact KPIs, or funds that have a broader ESG focus, but where clean and renewable energy projects account for a substantial part of the fund's total assets.

Facts and figures – Key financial and non-financial indicators continued

In setting our definitions, we have tried to align as much as possible with the EU Taxonomy criteria. Currently, it still proves to be challenging to assess the extent of alignment because the taxonomy requires very detailed information. Furthermore, it is still uncertain what is accepted as evidence for alignment. For instance, for the acquisition and ownership of buildings, the EU has defined that existing buildings should have at least an EPC class A to qualify for EU Taxonomy alignment. As an alternative, it has to qualify in the top 15% of national stock's most sustainable properties. In our climate solutions definition, buildings are considered when holding an EPC label A, or if an EPC label is not available a building certification above defined thresholds. However, official guidance is needed on whether building certifications can be used to demonstrate EU Taxonomy alignment.

Human capital indicators

	2021	**2020**	2019
Workforce (end of year)[1]			
Total full-time equivalents (FTEs)[2]	15,168	14,942	14,913
Total number of employees (headcount)	15,417	15,118	15,194
– Netherlands Life	2,152	2,261	2,485
– Netherlands Non-life	3,668	3,182	3,109
– Netherlands Bank	971	947	894
– Insurance Europe	4,698	4,740	4,975
– Japan Life	888	883	868
– Asset Management	952	975	978
– Other	2,088	2,130	1,885
Part-time employees[3]	17.0%	16.0%	17.0%
Temporary employees	6.0%	6.0%	5.9%
Average years of service	12.1	12.3	12.2
Male/female ratio	52/48	52/48	52/48
Male/female ratio managers	63/37	63/37	63/37
Male/female ratio in senior management group[3]	66/34	67/33	64/36
Well-being and engagement			
Sick leave	3.3%	3.1%	3.5%
Engagement score	7.7	7.9	7.4
Participation in engagement survey[4]	83%	82%	82%
Grievances on labour practices	6	12	14
Employee participation			
Employees covered by Collective Labour Agreement (CLA)	71.%	75%	75.5%
Employees represented by an employee representative body	84.8%	84%	80%
Formal meetings held with employee representative bodies	200	188	173
Talent development			
Total spending on training and development (in EUR million)	14.7	12.9	18.9
Spending/average FTE	959	874	1,291
Human capital return on investment[5]	2.5	2.4	2.4
Employees with completed standard performance process	96.7%	92.8%	96.8%

1 Figures do not include NN's share in Heinenoord.
2 Different number in FTE reflects changes due to the CLA in the Netherlands; Delta Lloyd used to count for 38 hours per week as FTE (instead of 36 hours per week as FTE). This also has an impact on the (lower) number of part-time employees.
3 In 2020, the target group for this indicator was adjusted to Management Board and Management Board minus one managerial position (instead of the composition of our Senior Leaders Group).
4 Employee engagement score and the percentage of participation consists of internal and external employees.
5 Human capital ROI is calculated as: (operating result + employee expenses)/employee expenses.

Facts and figures – Key financial and non-financial indicators continued

Human capital indicators continued

	2021	2020	2019
Employee turnover			
New hires	1,963	1,768	2,314
Employee turnover	12.4%	10.2%	13.4%
– voluntary employee turnover	6.9%	5.3%	7.7%
– involuntary employee turnover	5.5%	4.9%	5.6%
Open positions filled by internal candidates	27.6%	36.2%	34.9%
Whistleblower cases	1	2	4
– of which investigated by Corporate Security & Investigations	1	1	3
Other incidents and concerns	41	66	95
Measures taken, related to:	2	6	6
– fraud (and alleged fraud)	0	0	1
– unethical behaviour	2	6	5
– conflict of interest	0	0	0
Employee compensation			
Total employee wages and benefits (in EUR million)	1,607	1,608	1,545
Ratio of CEO compensation to the average employee compensation[1]	31:1	30:1	25:1

1 NN Group aims to align with the pay ratio calculation method as prescribed by the Dutch Monitoring Commission Corporate Governance. This has led to an adjusted pay ratio calculation method. Compared with previous years, the new pay ratio calculation includes external staff costs for Dutch hourly workers. This method has been applied for all previous years to create a comparable basis. For more information, refer to the Remuneration Report on page 122.

Community investment indicators

	2021	2020	2019
Total number of people reached (through NN Future Matters)	21,525	15,834	25,421
Total contribution to our communities (x EUR 1,000)[2]	8,000	-	-
% of operating result[3]	0.4	-	-
Total hours of volunteering[4]	13,586	7,991	12,481
Total cash contributions (x EUR 1,000)[5]	6,200	4,700	3,200

2 New indicator as of 2021.
3 New indicator as of 2021.
4 As of 2021 includes other areas than only NN Future Matters.
5 In 2021, the definition of the indicator is aligned with the B4SI definition.

Facts and figures – Key financial and non-financial indicators continued

Environmental indicators

	2021	2020	2019
CO_2 emissions of our direct operations[1]			
% of CO_2 emissions offset annually	100%	100%	100%
CO_2 emissions (kilotonnes)	8	9	18
CO_2 emissions from energy consumed on NN sites	4	4	6
– of which electricity	3	3	4
– of which natural gas	1	1	1
– of which district heating	1	1	1
CO_2 emissions from air travel	1	1	6
CO_2 emissions from car travel	3	4	6
CO_2 emissions (tonnes)/FTE	0.5	0.6	1.3
Business travel			
Air travel (km x 1 million)	2	4	26
Car travel (km x 1 million)	32	36	44
Energy consumption			
Total energy consumption (MWh x 1,000)	29	32	46
Non-renewable electricity	6	5	8
Renewable electricity	12	16	23
– renewable electricity as % of total electricity	67%	74%	75%
Natural gas	3	4	6
District heating	8	7	9
Paper			
Total paper use (kg)	122,905	107,472	281,138
– sustainable paper (i.e. FSC) (kg)	76,504	65,279	182,257
– sustainable paper as % of total paper	62%	61%	65%
Waste			
Total waste (kg)	276,057	427,777	630,303
– recycled waste (kg)	209,693	157,488	363,758
– recycled waste as % of total waste	76%	37%	58%

1 Certain figures for 2020 and 2019 have been restated due to revised emission factors and the sale of the Bulgarian business. In 2021, NN Group completed the sale of our Bulgarian Pension and Life businesses. This has also been reflected in the years 2019-2021 for consistent reporting and comparison purposes in line with the GHG protocol.

Carbon footprint proprietary assets

Carbon footprinting can help us understand carbon and climate change-related risks within our investment portfolio, and can also be useful to inform corporate engagement. In the context of an investment portfolio, a carbon footprint measures the amount and intensity of greenhouse gas (GHG) emissions associated with the underlying portfolio holdings. Emissions are expressed in tonnes of carbon dioxide equivalents (CO_2e).

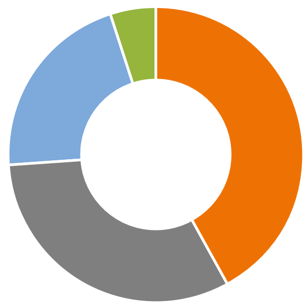
We started measuring and reporting the carbon footprint of our proprietary investments in 2017. The December 2021 analysis includes all of our main asset categories; government bonds, corporate investments, residential mortgages, and real estate investments. Taken together the assessed AuM is EUR 161 billion. This represents 80% of the asset portfolio on our balance sheet, which comprises general account assets of the insurance entities, and the assets of NN Bank and NN Group. The main asset types that were not included in this carbon footprint analysis are cash, derivatives, asset-backed securities, non-corporate loans and private equity.

In our methodology, we aim to be consistent with internationally recognised standards, such as the GHG Protocol and the 'Global GHG Accounting and Reporting Standard for the Financial Industry' from the Platform Carbon Accounting Financials (PCAF). The PCAF is a sector-led initiative that aims to develop a standard that enables financial institutions to measure carbon emissions consistently.

Methodology changes

We have made several changes in our 2021 carbon footprint measurement. Firstly, we changed the asset categorisation to improve alignment with our asset-class specific Paris Alignment strategies. Going forward we will present the carbon footprint for 'corporate investments' (i.e. listed equity, corporate bonds/loans) and 'government bonds'. Previously, government bonds and corporate bonds/loans were shown together as 'fixed income' next to 'listed equities'. We also no longer include asset-backed securities and non-corporate loans in the assessed assets; this change had very limited impact on our carbon footprint due to limited data availability. We made a further methodology change by introducing a new attribution factor for the mortgages, changing to a LTV approach. This step increases alignment with the global PCAF standard. Finally, for real estate, there was a correction in reported data of one of the real estate funds in GRESB.

Breakdown of assessed assets



The prior-year figures for several asset classes have been restated for all of these changes to ensure comparability.

Carbon footprint measurement and reporting remains an area for ongoing development. As such data improvements and refinements of our methodology may affect our carbon footprint analysis in future years. As an active member of the PCAF, we help to advance industry standards and harmonisation of both measuring and reporting financed emissions.

Carbon footprint of NN Group's proprietary assets[1]

	2021	2020	2019
Assessed Assets under Management (in EUR billion)	**161**	167	156
Government bonds	68	74	76
Corporate investments	34	37	34
Residential mortgages	52	49	47
Real estate investments	7	7	n/a
Carbon footprint (tCO_2e/EURm invested)	**55**	67	72
Government bonds	60	64	62
Corporate investments	125	159	175
Residential mortgages	10	13	13
Real estate	3	4	n/a
Weighted average carbon intensity (tCO_2e/EURm of revenue) – excl. mortgages and real estate	**103**	106	106
Government bonds	40	42	39
Corporate investments	229	249	276

1 The figures for previous years have been restated for a variety of reasons. Refer to the text above for more detail.

Carbon footprint of corporate investments

We account for the scope 1 and 2 emissions of corporates, retrieved from external data provider ISS Ethix-Climate Solutions. In line with PCAF methodology, NN's financed emissions for corporates is based on our investment value relative to the issuer's enterprise value. The coverage or the percentage of (assessed) portfolio assets for which emissions and financial data were available is 89%. However, the data availability differs between security types. At present, the data availability is the lowest for corporate loans, but represents a relatively small portion of the corporate investments portfolio. For the assessed portfolio assets where no data is available, we assumed carbon footprint and intensity to be in line with the portfolio average.

The carbon footprint was 125 tonnes of CO_2 per million EUR invested at the end of December 2021. We have seen a clear downwards trend for corporates over the past three years. To gain a better sense of the emissions performance of the underlying companies, we examined our top 25 contributors in terms of financed emissions. These companies decreased their absolute scope 1 and 2 emissions by 13% since 2019. These top emitters account for 60% of our portfolio financed emissions. When looking at the top 5, the absolute emissions reductions ranged from 15 to 39%.

The highest emitting sectors in our portfolio are Utilities and Basic Materials. Combined, these sectors account for 64% of the corporate portfolio's carbon footprint, whereas in terms of portfolio weight, they only account for 15% of the corporate portfolio. In the utilities sector, we are implementing a phase-out strategy for thermal-coal exposed corporate bond investments which will reduce the carbon intensity of our sector exposure over time.

We also calculate the portfolio's Weighted Average Carbon Intensity metric. This normalises each company's emissions by its sales. The weighted average is then calculated by portfolio weight.

It should be noted that the temporary drop in global emissions caused by the Covid-19 pandemic is not yet reflected in the analysis. This is because the carbon emissions data we obtain from our data provider reflect the year 2019. We are engaging with our data provider to see if the reporting time lag can be reduced.

Limitations and next steps

The analysis helps to understand carbon and climate change-related risks, identifying the high-carbon securities in our investment portfolio. It also helps to inform our engagement with investee companies. However, there are limitations with respect to the quality and availability of emissions data, especially for private companies and for scope 3. Furthermore, carbon footprint provides a snapshot of today's emissions, but is limited in what it can say about how companies are making the transition to a low-carbon economy. In our investment process, we therefore aim to capture broader ESG assessment and analyses of companies including forward-looking climate strategies.

Carbon footprint of government bonds

We account for the emissions directly caused by governments' own activity (scope 1 and 2) as well as emissions from government financing in other sectors within a country (scope 3). NN calculates the amount of carbon emissions (using data provided by ISS-Ethix) that we financed as an investor based on how much of the country's debt we own, relative to the total debt outstanding of the country. For intensity, the same approach is applied as for corporate issuers, but instead of revenues we use gross domestic product (GDP) as the denominator.

The results show that carbon footprint and intensity for government bonds remained stable over the past three years. Within the portfolio, Germany has the highest amount of financed emissions, followed by the Netherlands, and Austria. This is in line with our relatively large portfolio allocations to Eurozone countries.

Limitations and next steps

There is still much debate on the methodology of carbon calculations for government bonds. Our approach to consider the emissions that governments generate by the public sector is in line with guidance from the 2019 report by the Dutch PCAF members. The approach limits double counting and is consistent with the 'follow-the-money' principle.

An alternative approach is to quantify a country's emissions more broadly by considering all emissions generated within its territorial boundary, also called the 'territorial approach'. This broader assessment of government emissions acknowledges the broader impact of a government on the other sectors of the economy through regulation and taxation. The main downside of the 'broad' approach is that it increases double counting of these emissions generated by the private sector, since these are also attributed to investments in other asset classes.

A public consultation was launched in December 2021 by the global PCAF on various methodology options to come to a globally consistent carbon measurement framework for government bonds. It intends to publish its final recommendations over the course of 2022. We will evaluate these final PCAF recommendations when available. Given the large weight of government bonds in our portfolio, a potential change in methodology could significantly impact the reported carbon footprint figures.

Carbon footprint of mortgages

The total amount that we included in our 2021 carbon measurement was EUR 51.5 billion, or 228,817 houses. This represents the total portfolio on the NN Group balance sheet of Dutch mortgages originated and/or serviced by our own banking business. Within this portfolio, the large majority of mortgages were originated under the Nationale-Nederlanden or former Delta Lloyd brands. NN also has approximately EUR 6.7 billion of residential mortgages on the balance sheet from external mortgage originators which are not included in this analysis.

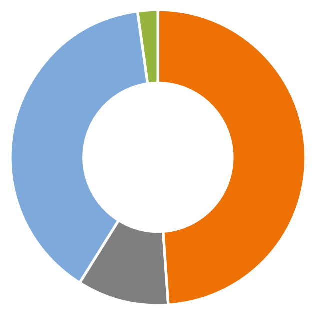
Facts and figures – Carbon footprint proprietary assets continued

We account for the scope 1 and 2 emissions of each house (i.e. the natural gas used to heat the house and the purchased electricity by the occupant of the house = the energy consumed by the building occupant). In 2021, we have updated the carbon footprint methodology to align with the global PCAF Standard by including a new attribution approach in calculating financed emissions. This means that from reporting year 2021 onwards we attribute the emissions associated with a residential mortgage to NN using a loan-to-value (LTV) ratio. Previously, we attributed the associated emissions in full. We have adjusted the reported financed emissions of prior years to ensure comparability.

The LTV used is the portfolio's weighted average current loan-to-value ratio, which is the net outstanding mortgage amount divided by the indexed property market value. The global PCAF Standard recommends to use the original property value. This method brings several challenges as the valuation at origination may not always be available, for instance, where a mortgage was originated a long time ago, or may no longer be appropriate, for example where improvements have been made to the property. We are evaluating this further with other Dutch financial institutions in the PCAF.

The chart below shows the energy label distribution of NN's mortgage portfolio. Compared to two years ago (2019), the share of label A in our portfolio increased to 29% from 25%, labels B remained unchanged, labels C declined to 25% from 26%, labels D, E, F and G taken together declined to 33% from 36%, and 0.1% remained unknown.

NN Portfolio: Basis of label choice



Since the start of 2021, the energy performance of a building is determined using the new NTA8800 determination method. The method is based on the European CEN standards and an energy label can only be obtained if an energy consultant visits the house to inspect the specifications for an energy label. Because of these changes, the Netherlands Enterprise Agency (RVO) has stopped reporting the so-called provisional labels and is currently investigating options to report new provisional labels that are more aligned with NTA8800 methodology. Approximately half of the houses in the Netherlands currently have a definitive energy label, so removing the provisional energy labels from our analysis would result in a major loss of data and insights.

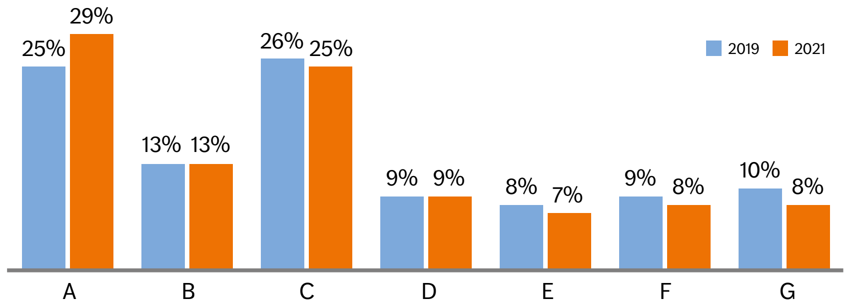
Therefore, we have kept the provisional labels in our analysis as best estimate to ensure a complete overview of our mortgage portfolio.

As shown in the pie chart, about 49% of matched addresses have a definitive energy label. If no definitive energy label is present, we looked at the building year of the property. For houses with a building year of 2002 or later, we assume the energy label is A. For the rest of the mortgage portfolio, we matched the addresses with a provisional label as this currently is the best estimate available. If no label exists, we assumed that the energy label is the same as the average of the zip code. For a very small part (0.1%) we could not make a match at all due to missing information. These mortgages were not assessed in this analysis.

As a next step, we obtained the average gas and electricity consumption per energy label in the Dutch market from the WoonOnderzoek Netherlands, an initiative from the Dutch government. These figures can be converted into CO_2 emissions using emission factors as published by www. co2emissionfatoren.nl. For 2021, the following emission factors are used: 0.369kg CO_2/kWh for electricity of unknown origin, and 1.788kgCO_2/m^3 for natural gas.

We calculate the emissions associated with the NN mortgage portfolio by multiplying the number of houses with each energy label by the average CO_2 emissions per energy label. In 2021, the absolute portfolio emissions amounted to 917,982 tonnes CO_2 which is 1% lower than in 2020 mainly due to a decline in the electricity grid factor. If the grid factor had remained the same, the total emissions would have increased by 2% mainly reflecting the larger number of houses due to portfolio growth.

NN Portfolio: Energy label distribution
(based on number of houses)



The portfolio 'financed emissions' are calculated by multiplying the calculated emissions with the LTV attribution factor to align with the global PCAF Standard. In 2021, the attribution factor was 59%, resulting in financed emissions of 539,292 tonnes of CO_2. This was 14% lower than the financed emissions in 2020, which we calculated based on an attribution factor of 67%. Evidently, introducing an LTV ratio in the attribution approach brings volatility to the financed emission figures which may reflect changes in outstanding loans or house prices that are not related to the underlying emissions of the houses in our portfolio.

We also calculated relative portfolio emissions. This metric declined to 10 tonnes of CO_2 per EUR million invested (2020: 13), reflecting the aforementioned methodology change.

Limitations and next steps

The method we used is based on theoretical average consumption data and not on actual consumption data. As such, the PCAF prefers institutions to work with actual consumption data. The Dutch financial institutions that are part of the PCAF, including NN, are presently exploring ways to either obtain this actual consumption data or improve the estimation method.

Looking towards the future, we will further engage with our customers to facilitate them in dealing with climate change-related impacts and to support them as they make their lives more sustainable. As we continue to explore this important topic, we will further optimise our strategy, risk management and measurement.

Carbon footprint of real estate investments

This is the second year that we reported the emissions of NN's investments in non-listed real estate. This portfolio consists of directly managed properties (approx. 26% of our total real estate portfolio) and non-listed real estate funds. The portfolio is spread over sectors and regions in Europe.

Our reporting covers scope 1 and 2 emissions. NN requires all its real estate asset managers to participate in the GRESB Real Estate assessment, and as such we gather the emissions data from GRESB. The total amount for which we were able to assess emissions was EUR 7.5 billion, or approximately 82% of the total non-listed real estate investment portfolio. The remaining 18% non-assessed assets represent indirect or fund investments that either did not report to GRESB or reported data dit not include scope 1 and 2 emissions. Non-disclosure in GRESB disclosure may occur due to a grace period for first-year reporting or no reporting due to wind-down.

For the calculation of the carbon footprint of our real estate investments portfolio, we attribute a real estate fund's annual emissions based on NN's share in the fund. To determine this attribution factor, we used the outstanding investment amounts (Net Asset Value or NAV) for the numerator and Gross Asset Value (GAV) of the funds as reported to us by our real estate managers for the denominator. All investment amounts, fund values and emissions are trailing by one year and are per year-end 2020.

The resulting portfolio emissions amounted to 22,238 tonnes of CO_2, or 3 tonnes of CO_2 per EUR million invested which is a decrease of 1.2 tonnes compared to the previous year. The decline was mainly in our directly managed portfolio, whereas the financed emissions from the indirect real estate portfolio remained relatively stable. The main contributors to this reduction are the measures implemented to improve energy efficiency in the direct portfolio.

Limitations and next steps

In the carbon footprint analysis of our real estate investment portfolio, three scopes are relevant. Scope 1 and 2 emissions are under the control of the owner of the buildings (i.e., the landlord). The owners have the ability to introduce and implement operating and/or environmental policies and measures. However, in some cases the energy contracts are held directly by the tenants. In that case, the energy consumption of the tenants falls under scope 3 where the owner or landlord has no 'operational control'. Considering that the energy consumption of tenants is dominant in the overall energy consumption of a building, scope 3 is especially important for real estate but not all fund managers have access to this information yet. As a consequence, in our emission scope, we have initially included scope 1 and 2 and aim to include scope 3 in the future when reporting develops further.

EU Taxonomy disclosures

In order to meet the EU's climate and energy targets for 2030 and reach the objectives of the European Green Deal, it is important to direct investments towards sustainable projects and activities. To achieve this, the EU has created 'the EU Taxonomy' a common language and a clear definition of what is 'sustainable' and a classification system for sustainable economic activities.

The EU Taxonomy Regulation requires NN Group to disclose, starting from its Annual Report 2021, information such as the proportion of our total assets exposed to Taxonomy-eligible and non-eligible economic activities, as well as the proportion of Taxonomy-eligible and Taxonomy non-eligible non-life insurance economic activities. Eligible economic activities are those economic activities that are considered in scope of the EU Taxonomy. For economic activities to be aligned with the EU Taxonomy, it needs to be substantiated that those activities substantially contribute to any of the Taxonomy's environmental objectives (currently these focus on climate change mitigation and climate change adaptation). In addition, these activities should do no significant harm to any of the other EU Taxonomy environmental objectives, while respecting minimum social safeguards.

NN Group's strategy includes our commitment to accelerate the transition to a low-carbon economy across our business activities. Our ambition to transition our investment portfolio to net zero in 2050 includes an interim target to increase the allocation to investments in climate solutions by EUR 6 billion by 2030. In setting our climate solution definitions, we consider, and where possible include the EU Taxonomy alignment criteria (read more on page 72). Furthermore, in October 2021, NN joined the Net-Zero Insurance Alliance through which we will be working on developing metrics and targets for insurance underwriting in 2022 (read more on page 44).

The quantitative and qualitative information presented in this chapter is disclosed on a best effort basis. We consider this to be a baseline and the first step towards reporting on taxonomy alignment in 2024 (over 2023). At this point in time, externally reported data from (investee) companies for EU Taxonomy reporting is not yet available. We are working on solutions to collect the relevant data to be able to report on taxonomy alignment in 2024.

Insurance assets

This is the first year NN Group has had to report on EU Taxonomy eligibility. Eligibility data that is externally reported by other financial and non-financial undertakings in scope of the EU Taxonomy Regulation is not yet available. We have calculated eligibility using internally available information for mortgages and using estimates for other investments. The estimated eligibility is reported voluntarily and is therefore not part of the mandatory disclosures. Based on the information currently available to us, the table below reflects the proportion of assets that are EU Taxonomy-eligible. We refer to the paragraphs below for a further explanation on data sources and associated limitations.

The mandatory disclosure ('Loans secured by mortgages and loans related to savings mortgages') relates to our exposure to retail mortgages. The activities related to providing retail customers with mortgage loans can be linked with the taxonomy-eligible economic activities as defined in the Taxonomy Regulation, Climate Delegated Act and its Annexes I and II. Residential real estate lending is described in section 7.7 of Annex I to the Climate Delegated Act and explicitly mentioned in section 1.2.1.3.1.1 of Annex V to the Art. 8 Delegated Act.

Insurance assets

	Monetary amount (in EUR million)	Proportion in covered assets	Proportion in total assets
Investments that are directed at funding, or are associated with Taxonomy-eligible activities:			
- Loans secured by mortgages and loans related to savings mortgages	64,947	38%	25%
- Other investments (voluntary disclosure)	14,785	9%	6%
Investments that are directed at funding, or are associated with Taxonomy-non-eligible activities	62,774	36%	25%
Exposure to derivatives	6,374	4%	2%
Exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU	23,583	14%	9%
Total covered assets	**172,462**	**100%**	**67%**
Exposures to central governments, central banks and supranational issuers	65,914		26%
Other assets	17,606		7%
Total assets	**255,982**		**100%**

EU Taxonomy disclosures continued

To supplement our mandatory EU Taxonomy disclosure, NN Group voluntarily discloses eligibility for assets, based on estimates (Other investments). The non-eligible proportion of the voluntary disclosure is included in 'Investments that are directed at funding, or are associated with Taxonomy-non-eligible activities'. Assets in scope of the voluntary disclosures include, among others, debt securities, equity securities and real estate investments. These investments include allocation to various industries and sectors. NN Group marked its investments in real estate exposure as eligible.

Exposures to derivatives and undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/ EU ('NFRD') are excluded from the numerator of the eligibility KPI and can therefore not be eligible. Exposure to central governments, central banks and supranational issuers (sovereign entities) are excluded from both the numerator and the denominator of the eligibility KPI.

NN Group has obtained data from its data vendor for all assets where the vendor has taxonomy eligibility data available. The data vendor has estimated eligibility based on research conducted at the level of a company's business activities.

For investment funds where look-through-information is available from the data vendor, NN Group calculated the eligibility of the fund based on the weighted average exposure to taxonomy-eligible economic activities of the investments in the fund. Furthermore, we calculated the weighted average exposure to derivatives and sovereign entities in the fund.

For the remaining exposures (including both investment funds and direct investments), we assessed eligibility based on the NACE codes of the issuer. The Climate Delegated Act includes NACE codes in the description of economic activities. If the NACE code of the issuers for the remaining exposures matches those included in the Climate Delegated Act, these are considered eligible. Consequently, the exposures for which the NACE code does not match are considered non-eligible.

NN Group uses the EU Taxonomy Compass for this assessment. This tool aims to make the content of the EU Taxonomy easier to access for a variety of users by enabling us to check which NACE codes are included in the EU Taxonomy (taxonomy-eligible activities).

Limitations to these approaches are, among others, that the NACE code of the issuer is binary and does not consider an issuer's multiple economic activities. The data obtained from our data vendor does consider multiple economic activities but is still an estimate and is not based on externally reported information.

Furthermore, limited information is available on whether undertakings are subject to Art 19a/29a of the NFRD. NN Group has estimated its exposure to non-NFRD issuers based on country of incorporation and several other indicators, such as foundations, municipalities etc. For investment funds there was no look-through-information available regarding the exposure to non-NFRD issuers, therefore the investment funds are not included in the non-NFRD bucket. Consequently, non-NFRD exposure is included in the exposures analysed for taxonomy-eligible economic activities. We expect that data availability will improve in the coming years when NFRD entities start reporting eligibility data.

The amounts presented in the table on the previous page differ from the amounts in the 2021 Annual Account as the amounts in the table represent market value, whereas certain amounts in the balance sheet in the Annual Accounts represent amortised cost values.

Applicable Solvency II Lines of Business

	Climate-related policy terms	Use of climate-related margin	Type of climate-related peril
Medical expense	No	No	Not applicable
Income protection	No	No	Not applicable
Workers' compensation	No	No	Not applicable
Motor vehicle liability	No	No	Not applicable
Other motor	Yes	No	Not applicable
Marine, aviation and transport	Yes	No	Not applicable
Fire and other damage to property	Yes	Yes	Windstorm
Assistance	Yes	No	Not applicable

Insurance underwriting

The scope of the current EU Taxonomy related activities covered by the underwriting disclosures are determined by the Climate Delegated Act and relate to non-life insurance and reinsurance activities consisting of the underwriting of climate-related perils. Based on the Solvency II Lines of Business in scope, NN Group first identified the Lines of Business containing policies with terms related to the treatment of 'climate perils' in view of Appendix A to Annex II to the Climate Delegated Act in order to be taxonomy-eligible. Secondly, NN Group selected the Solvency II Lines of Business for which one or more climate-related perils are priced separately.
The table below shows the results for the financial year 2021.

The table below shows that climate-related policy terms are used in the underlying products of the Solvency II Lines of Business, which have a direct correlation with weather-related events, such as windstorms and mainly refer to properties like buildings, vehicles and personal belongings. Currently, climate-related perils are only priced separately by using a climate-related margin when historical losses have affected the reinsurance programme. This is only the case for windstorms covered by the underlying products of Solvency II Line of Business Fire and other damage to property. In this respect, separate windstorm margins are used for pricing damage to buildings, content and business interruption if applicable. The quantification of the EU Taxonomy on climate-related peril level (i.e., only windstorms) and on product level is shown in the table below.

The table shows that the total share of the margin priced for windstorms, being the only climate-related peril priced separately, in absolute amounts is EUR 49 million for the financial year 2021, representing 2% of the total Non-life insurance and reinsurance underwriting activities. The total absolute premium amount of products containing specific climate-related terms results in EUR 1,693 million for financial year 2021, being 45% of the total Non-life insurance and reinsurance underwriting activities.

As different interpretations of the regulation for the EU Taxonomy disclosures are observed in the market, NN Group discloses the indicators on Line of Business level - in addition to the indicators on climate-related peril level.

NN Group monitors whether (more) climate-related perils of the possible products involved should be priced separately on an annual basis taking into account the (expected) loss developments due to the impact of climate change.

Economic activities

	On climate-related peril level		On line of business level (products with climate-related peril included in policy)	
	Absolute premiums	Proportion of premiums	Absolute premiums	Proportion of premiums
	Currency (in million)	%	Currency (in million)	%
Non-life insurance and reinsurance underwriting Taxonomy-eligible activities	59	2	1,693	45
Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	3,739	98	2,106	55
Total Non-life insurance and reinsurance underwriting activities	3,799	100	3,799	100

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Assurance report of the independent auditor

To: the General Meeting of Shareholders and the Supervisory Board of NN Group N.V.

Our conclusion

We have reviewed the non-financial information in the annual report for the year ended 31 December 2021 (hereafter: the non-financial information in the annual report) of NN Group N.V. (hereafter: NN Group) based in Amsterdam and headquartered in The Hague. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed, nothing has come to our attention that causes us to believe that the non-financial information in the annual report is not prepared, in all material respects, in accordance with the reporting criteria as described in the section 'Reporting criteria' of our report.

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

The non-financial information on the annual report in scope of our review consists of the sections 'About NN', 'Our operating environment', 'Our strategy and performance', 'Creating value for our stakeholders', 'Safeguarding value creation', 'Facts and figures' with the exclusion of the section 'EU Taxonomy Disclosures' and 'Approach to reporting'.

Basis for our opinion

We have performed our review in accordance with Dutch law, including Dutch Standard 3810N: 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'.

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

Reporting criteria

The non-financial information in the annual report needs to be read and understood together with the reporting criteria. NN Group is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the non-financial information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) core option and the applied internal reporting criteria as disclosed in the section ‘Approach to reporting' of the annual report.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the non-financial information and for the non-financial information in the annual report as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

Limitations to the scope of our review

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

References to external sources or websites in the non-financial information in the annual report are not reviewed by us. We therefore do not provide assurance on this information.

Responsibilities of the Executive Board and the Supervisory Board for the non-financial information in the annual report

The Executive Board of NN Group is responsible for the preparation of the non-financial information in the annual report in accordance with the GRI Standards and the applied supplemental reporting criteria as disclosed in the section ‘Approach to reporting'of the annual report, including the identification of stakeholders and the definition of material matters (see the section ‘Determining material topics’ of the annual report). The choices made by the Executive Board regarding the scope of the non-financial information in the annual report and the reporting policy are summarised in the section ‘Approach to reporting’ of the annual report. The Executive Board is also responsible for such internal control as it determines is necessary to enable the preparation of the non-financial information in the annual report that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is, amongst others, responsible for overseeing NN Group’s reporting process.

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Our responsibilities for the review of the non-financial information in the annual report

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

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

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

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

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

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

- We performed an analysis of the external environment relevant to NN Group and obtained an understanding of relevant societal themes and issues and the characteristics of the company.
- We evaluated the appropriateness of the reporting criteria used, their consistent application and related disclosures in the non-financial information in the annual report. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by management.
- We obtained an understanding of the reporting processes for the non-financial information in the annual report, including obtaining a general understanding of internal control relevant to our review.
- We identified areas of non-financial information in the annual report with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the non-financial information in the annual report responsive to this risk analysis. These procedures included among others:
  - Interviews of management and relevant staff at corporate level responsible for the non-financial strategy, policy and results.

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— Interviews of relevant staff responsible for providing the information for carrying out internal control procedures on and consolidating the data of the non-financial information in the annual report.

— We obtained assurance information that the non-financial information in the annual report reconciles with underlying records of the company.

— We reviewed on a limited test basis relevant internal and external documentation.

— We performing an analytical review of the data and trends in the information submitted for consolidation at corporate level.

— We assessed the presentation, structure and content of the non-financial information in the annual report.

— We considered whether the non-financial information in the annual report as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated with the Executive Board and the Supervisory Board regarding the planned scope and timing of the review and significant findings we identified during our review.

Amstelveen, 9 March 2022

KPMG Accountants N.V.

D. Korf RA