

2015
Annual
Review

2015
Financial
Report

2015
Sustainability
Supplement

2015 Annual Review

Accelerating change



About this report

NN Group adopts a combined reporting strategy, which enables us to tailor our reporting for different stakeholder groups

The 2015 Annual Report provides an integrated review of the performance of our company. It is in accordance with applicable Dutch law and the International Financial Reporting Standards (IFRS), which were endorsed by the European Union, as well as with the Global Reporting Initiative's G4 guidelines (GRI). It aligns relevant information about our strategy, governance systems, performance and future prospects in a way that reflects the economic, environmental and social contexts in which we operate.

Three documents comprise our 2015 Annual Report

2015 Annual Review

2015 Annual Review

This is our top level communication aimed at all NN Group stakeholders. It is a concise, integrated review that provides information about our dynamic operating environment and key material trends, our strategy, how we create value, the financial and non-financial performance of our business and the statement of our CEO.

2015 Financial Report

2015 Financial Report

This report covers NN Group's financial developments and annual accounts, the report of our Supervisory Board and our approach to risk management, capital management and corporate governance. Target audiences are shareholders, rating agencies and other stakeholders interested in the financials and governance of NN Group.

2015 Sustainability Supplement

2015 Sustainability Supplement

This supplement provides additional information with regard to our strategy, objectives and achievements related to the social, ethical and environmental aspects of our businesses. It is especially aimed at shareholders, rating agencies and NGOs.



www.nn-group.com/annual-report

Annual Report contents

Annual Review

At a glance	03
– 2015 highlights	03
– How we are structured	05
About NN Group	07
– Our brand	07
– Our values	09
– CEO statement	11
Strategy and value creation	13
– What matters to us	13
– Our operating environment	14
– Our strategy	18
– How we create value	21
– Active Risk management	23
Delivering on our strategy	24
– Creating value as an insurer and asset manager	24
– Creating value as an investor	28
– Creating value as a listed company	30
– Creating value as an employer	32
– Creating value as a corporate citizen	34
Governance	36
– Governance and compliance	36
– Our Management Board	37
Additional information	38
– Facts and figures	38
– Glossary	41
Contact and legal information	44

Financial Report

Financial developments	03
– NN Group	03
– Netherlands Life	05
– Netherlands Non-life	06
– Insurance Europe	06
– Japan Life	07
– Asset Management	08
– Other	08
– Japan Closed Block VA	09
Report of the Supervisory Board	10
Corporate governance	18
Remuneration Report	29
Works councils	34
Report of the Executive Board on internal control over financial reporting	35
Conformity statement	36
Consolidated annual accounts	37
– Consolidated balance sheet	38
– Consolidated profit and loss account	39
– Consolidated statement of comprehensive income	41
– Consolidated statement of cash flows	42
– Consolidated statement of changes in equity	44
– Notes to the Consolidated annual accounts	46
– Risk management (Note 50)	119
– Capital and liquidity management (Note 51)	141
– Authorisation of Consolidated annual accounts	148
Parent company annual accounts	149
– Parent company balance sheet	149
– Parent company profit and loss account	150
– Parent company statement of changes in equity	151
– Notes to the Parent company annual accounts	153
– Authorisation of Parent company annual accounts	158
Other information	159
– Independent auditor's report	159
– Proposed appropriation of result	164
– Subsequent events	165
Contact and legal information	166

Sustainability Supplement

Corporate citizenship and sustainability at NN Group	03
– Our approach	03
– Our objectives	04
– Governance	05
– Stakeholder engagement	06
Improving financial well-being	07
– Customer empowerment	07
– Financial inclusion	07
– Community investment	08
Responsibly managing our assets	09
– Engagement topics in 2015	09
– Sustainability of our real estate portfolio	10
– Specialised SRI funds and responsible investment solutions	11
– External assessments and benchmarks	11
– Governance, advice and implementation	11
Managing our environmental footprint	12
– Energy and business travel efficiency	12
– Carbon neutrality in 2015	12
Performance data	13
Reporting approach	16
– About this Sustainability Supplement	16
– Assurance report of the independent auditor	17
– Progress report Principles for Sustainable Insurance	18
– Progress report UN Global Compact	19
Contact and legal information	21



2015 highlights

Our journey as a standalone company has just begun. We aim to build a company that truly matters to our stakeholders

NN Group is an insurance and asset management company with a leading position in the Netherlands and a strong presence in a number of European countries and Japan.

NN Group includes NN, Nationale-Nederlanden and NN Investment Partners. Our roots lie in the Netherlands, with a rich history that stretches back more than 170 years. We are committed to helping people secure their financial futures, offering retirement services, insurance, investments and banking products. On 2 July 2015, we celebrated our first anniversary as a standalone, listed company.

Our company in numbers (at 31 December 2015)

Employees (in FTE)

11,500

Market capitalisation

EUR 10.9bn

Customer policies

15 million

Full-year 2015 dividend per ordinary share

EUR 1.51

Countries in which we operate

18+

Shareholders' equity

EUR 20.5bn

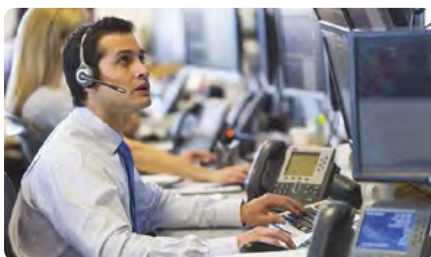
Overall highlights from 2015

- We delivered on the targets we set at the time of our Initial Public Offering (IPO) in July 2014 to generate capital and improve earnings, while delivering excellent service and products to our customers.
- We successfully rebranded all our businesses from ING to NN, Nationale-Nederlanden or NN Investment Partners.
- We realised the EUR 200 million cost reduction programme in the Netherlands one year ahead of schedule. We announced a new cost reduction programme to realise a cost base of EUR 700 million by 2018 for Netherlands Life, Netherlands Non-life and holding entities.
- We implemented the Living our Values programme Group-wide, and at least 85% of our employees in the Netherlands signed the Financial Sector oath or promise.
- We relocated our head office in the Netherlands from Amsterdam to The Hague.
- We successfully prepared for the transition to the new Solvency II capital regime, receiving approval from the Dutch Central Bank to use our own Partial Internal Model.

2015 highlights – continued

In 2015, we delivered on the targets we set at the time of our IPO in July 2014 to generate capital and improve earnings, while delivering excellent service and products to our customers.

We have a robust Solvency II position based on our Partial Internal Model, and our credit rating was updated by Standard & Poor's (to A-) and affirmed by Moody's (at Baa2), both with a stable outlook. Our operating entities have generated a significant amount of cash, with most subsidiaries upstreaming regular dividends. We issued EUR 1.6 billion of debt to the markets after our Initial Public Offering (IPO) to externalise our debt and to increase our financial flexibility. We have delivered on our equity story by returning almost EUR 850 million to shareholders from the date of our listing until 31 December 2015. In that same period, the Total Shareholder Return was 69.1%.



Financial highlights 2015

Operating result ongoing business

EUR 1,435m

(2014: EUR 1,086m)

Net result

EUR 1,565m

(2014: EUR 588m)

New sales life insurance

EUR 1,295m

(2014: EUR 1,315m)

NN IP Assets under Management

EUR 187bn

(2014: EUR 195bn)

Value of new business

EUR 202m

(2014: EUR 178m)

Solvency II ratio

239%

(based on Partial Internal Model)

At NN Group, we aim to be a positive force in the lives of all our stakeholders.

We believe it is important to contribute to the well-being of society and to support the communities in which we operate. By understanding the global trends society faces and the impact these developments may have on our customers and on our businesses, we can contribute to a healthy economy as well as a stable society. In doing so, we create value for our stakeholders, and will contribute to improving the lives of people today and for generations to come.



Non-financial highlights 2015

Net Promoter Score

+6 points*

Sustainable Assets under Management

EUR 4.5bn

(2014: EUR 4.1bn)

Employee volunteering hours

7,433

(2014: 4,018)

Employee engagement

73%

(2014: 66%)

Donations to charitable organisations

EUR 1.5m

(2014: EUR 1.1m)

NN Group was CO₂ neutral throughout 2015

Neutral

*Based on measurements in our Insurance Europe's Life businesses, and Life and Pensions in the Netherlands

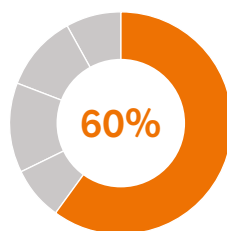
How we are structured

Our business activities are structured in seven reporting segments

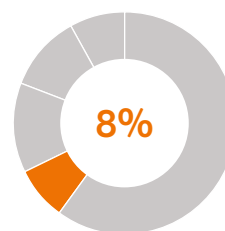
With about 11,500 employees, we aim to deliver high-quality retirement services, insurance, investments and banking products to retail, SME, large corporate and institutional customers.

NN Group operating result ongoing business before tax excluding segment Other (% of total – FY2015)

1. Netherlands Life



2. Netherlands Non-life



Well positioned to grow in the Dutch pension market.

Focus on improving underwriting performance and customer satisfaction.

Business structure

NN Group's financial reporting is structured in seven segments. In this Annual Review, these segments are grouped into the following three components:

- The segments Netherlands Life, Netherlands Non-life and NN Bank belong to Netherlands Insurance
- The segments Insurance Europe, Japan Life, Japan Closed Block VA and NN Re belong to International Insurance
- The segment Asset Management belongs to NN Investment Partners

Products and services

- Group life/pension products
- Individual life/pension products
- Pension administration (AZL)
- Individual life closed block

Customers

- Small and medium-sized enterprises (SMEs)
- Large corporate clients and their employees
- Retail customers

Products and services

Property & casualty

- Motor insurance
- Fire insurance
- Liability insurance
- Transport insurance

Disability & accident

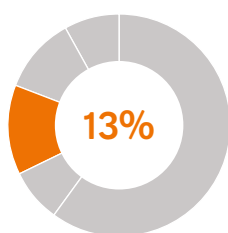
- Individual disability insurance (Movir)
- Group income insurance
- Accident insurance

Customers

- Small and medium-sized enterprises (SMEs)
- Large corporate clients and their employees
- Retail customers
- Self-employed

How we are structured – continued

3. Insurance Europe



Focus on profitable growth through digital transformation of the businesses.

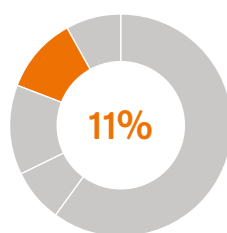
Products and services

- Life insurance (all countries)
- Non-life insurance (Belgium, Spain)
- Pensions (Bulgaria, the Czech Republic, Slovakia, Poland, Romania, Turkey)
- Health insurance (Greece; Hungary and Romania (as of 2016))

Customers

- Retail customers
- Self-employed
- Small and medium-sized enterprises (SMEs)

4. Japan Life



Focus on profitable growth through product and distribution diversification.

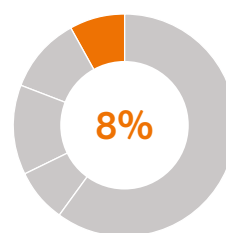
Products and services

- Corporate-owned life insurance (COLI)
- Traditional life insurance

Customers

- Owners and employees of SMEs, where the company is both the policyholder and the beneficiary of the policy

5. Asset Management



Focus on being an active asset manager with distinct products.

Products and services

- Asset management for NN Group
- Institutional investor products and services
- Retail investor products and services
- Advisory services

Customers

- Institutional investors
- Wholesale investors
- Retail investors

6. Other

This segment comprises NN Bank in the Netherlands, the reinsurance business (representing NN Re, excluding the reinsurance of the Japan Closed Block VA portfolio and results from certain reinsurance arrangements regarding the life insurance business of NN Czech Republic and NN Hungary), the holding result and other results. The segment 'other' is part of the ongoing business.

Growth potential of NN Bank

NN Bank plays a key role within our company in the Netherlands. The Bank generates mortgages with a good return, and with its savings products contributes to our strategy of asset accumulation. Due to the nature of its business, NN Bank colleagues have frequent contact with customers, providing us with relevant customer data and the opportunity for customer acquisition. NN Bank is performing well, with a market share of around 6.4% in mortgages and a net savings inflow of more than EUR 1 billion in 2015.

7. Japan Closed Block VA

Japan Closed Block VA comprises NN Group's closed-block single premium variable annuity (SPVA) individual life insurance portfolio in Japan. These products were predominantly sold from 2001 to 2009. We expect 90% of the book to run off by the end of 2019. The total portfolio is reinsured by NN Re in the Netherlands. The portfolio is actively managed and hedged on a market consistent basis and is expected to release capital as the block runs off. The exact timing and amount cannot be predicted as it is influenced by the results of the hedge programme.

Our brand

Rebranding to NN, Nationale-Nederlanden or NN Investment Partners

The NN brand was developed with the aim of balancing our 170-year heritage and Dutch roots with the components of a modern, international insurance and asset management company.

The new brand and logo were first introduced in October 2013. Subsequently, the rebranding of all our businesses from ING to NN, Nationale-Nederlanden or NN Investment Partners in 2015, made us one company with a recognisable identity.

Our brand supports our purpose, values and strategy, and our colleagues bring our brand promise 'You matter' to life for our customers every day. With our brand promise 'You matter', we define a clear goal. We want our customers and other stakeholders to have an experience with our company that lives up to the promises we make. As such, we carefully monitor how our brand is perceived, both internally and externally.

To further enhance awareness of the newly launched brand, we have chosen running as our main sports sponsoring domain. Running fits well with our values and our aim to contribute to people's general health and financial well-being. Also, running attracts a diverse field of participants and spectators in terms of gender, age and nationality, which matches the diverse character of our customer base. We want to offer our support to the sport, its athletes and all the people who practise running.

In 2015, we sponsored running events in nine of our countries, amongst which the internationally renowned Rotterdam Marathon and Naha Marathon in Japan. In the years to come, our objective is to support more running activities in some of our other key markets.

350
portals rebranded

February 2015

Start of international rebranding programme – Turkey was the first country in which our new brand was visible



March – April 2015

Rebranding of most of our businesses in Europe and Japan

April 2015

Rebranding of NN Investment Partners



NN Investment Partners

NN Investment Partners became the new name for our asset management business in all markets. NN Investment Partners is positioned as a clear member of NN Group, with an emphasis on its distinct business proposition.

1,000+

IT applications rebranded



2015

NN

NN is the overarching brand for all our businesses. To stay close to our customers in different markets, local descriptors were added, usually directly referring to the nature of our activities.

500+

colleagues worked on the international rebranding programme

7,500

letters updated in terms of design, fonts and branding



July 2015

Our business in Poland finalised the rebranding process



Nationale-Nederlanden

Our insurance and bank businesses in the Netherlands kept the name Nationale-Nederlanden, while the logo was updated in line with the new overall NN brand. Our businesses in Spain and Poland also rebranded to Nationale-Nederlanden.

2.5m+

views on Facebook and YouTube of name change campaign with Ewan McGregor (in six countries)

Our brand – continued

Measuring our brand and reputation

In 2015, we developed the NN Global Brand Health Monitor to monitor how our brand is perceived externally, amongst our customers and society at large. It is a core evaluation of the health of the NN brand. Twice a year, we measure our main brand indicators and provide insight in the development of the brand performance.

The Global Brand Health Monitor measures the brand awareness per business line per country, and whether customers feel we are living our values. It also measures the so-called Relationship Net Promoter Score (NPS), which we believe is an important measure for brand preference and performance.

Measurement for the insurance businesses is conducted for all business lines covering banking, life insurance and pensions. Our insurance business in Japan is included in a separate study. Luxembourg is excluded from the research as their clients mostly live outside Luxembourg.

Measurement for the asset management businesses is conducted amongst both institutional and retail investors.

Two countries that warrant mentioning are Romania and Greece.

Romania



NN Life Romania truly makes customers feel they matter

Having achieved 66% aided brand awareness, NN Life in Romania is well on its way to building the new brand; in the last quarter of 2014 brand awareness was a mere 1%. NN is the preferred brand in Romania when people are considering a new life insurance product.

With 77% of customers seeing NN Life Romania as the 'You matter' company, it is evident that they truly make customers feel they matter.

66%

aided brand awareness
of NN Life in Romania

77%

customer seeing NN Life Romania
as the 'You matter' company

Greece



NN Hellas pushed brand awareness under difficult circumstances

The rebranding campaign in Greece pushed the aided brand awareness of NN Hellas to 38% at the end of 2015. Even under difficult economic circumstances, the NN Hellas team managed to create value for its customers, who see them as a company that lives our values of care, clear, commit.

38%

aided brand awareness of
NN Hellas at the end of 2015

NPS in 12 of our insurance countries (where we measure NPS)

Country	Life (on/above market average)	Non-life (on/above market average)	Pensions (on/above market average)
1 Belgium	yes	yes	n.a.
2 Bulgaria	yes	n.a.	yes
3 Czech Republic	no	n.a.	yes
4 Greece	yes	n.a.	n.a.
5 Hungary	yes	n.a.	n.a.
6 Japan	yes	n.a.	n.a.
7 Poland	yes	n.a.	yes
8 Romania	yes	n.a.	yes
9 Slovak Republic	yes	n.a.	yes
10 Spain	yes	n.a.	yes
11 The Netherlands*	n.a.	yes	yes
12 Turkey	yes	n.a.	yes

* Due to product portfolio and organisational set-up, the Dutch Life products are embedded in the Non-life and Pension results.

Our values

Being a values-driven company

Our values 'we care, we are clear, we commit' are the guiding principles by which we seek to fulfil our purpose to help people secure their financial futures.

Care

We empower people to be their best. We respect each other and the world we live in.



Clear

We communicate proactively and honestly. We are accessible and open.



Commit

We act with integrity. We do business with the future in mind.



We take our values very seriously, as they enable us to build and maintain trust with our stakeholders and bring our brand promise 'You matter' to life. In October 2014, we introduced the 'NN statement of Living our Values', which explains what NN stands for, both for internal and external stakeholders. This statement helps guide our employees in their day-to-day interactions with stakeholders, and serves as a compass for decision-making. To facilitate the international roll-out, we launched the 'Living our Values' programme, focused on making the values a fully integrated part of our culture.

Awareness as a starting point

To encourage behavioural change, we continuously create awareness around the 'Living our Values' programme. Dilemma sharing is stimulated as a means to discuss how we are living our values in our daily jobs. Beginning 2015, we released a number of special videos featuring interviews with the Management Board members on what our values mean to them and how they apply these in their daily work.

Throughout the year, our business units organised their own local communication campaigns around the values. In a number of countries, our values were integrated into the look and feel of the rebranded offices in such a way that employees are constantly reminded of them.

In the Netherlands, NN employees (both internal and external) are required to take the Financial Sector oath or promise, which was fully integrated in the Statement of Living our Values. The accompanying ceremonies include presentations on both the oath and the Statement of Living our Values, a dialogue between manager and employees about the values, and the signatory moment of the values statement or Banking Code. By the end of 2015, at least 85% of our employees in the Netherlands had taken this oath, with still four months to go to have all employees sign off.

Bringing our values to life

Our employees are encouraged to take an active role in living our values. We introduced a short quiz to help employees discover which of the values matters most to them. Also, by endorsing colleagues on our internal social intranet SAM ('share all that matters'), employees let each other know how they exemplify caring, clear or committed behaviour.

We also developed a 'serious game' called the 'Values challenge' to make learning about our values fun while at the same time sparking some friendly competition. This game allows our employees to experiment with our values in different situations, and how to apply them with respect to various stakeholder groups. The game was part of the annual NN Values week in October, which offered an opportunity to pay extra attention to, and reflect on, our values.

Implementation is key

Our values are not voluntary suggestions; they apply to each and every employee. In addition to communicating and providing training for our employees, the values were embedded in our organisation and company systems. The NN policy house, the internal policy framework containing all our policy documents, was also aligned with the values. They were incorporated into the product approval processes and became part of the branding guidelines and other tools that guide our businesses in their interactions with customers.

Our human resources processes comprised another important area in which our values were incorporated. Not only were the values explained in introduction programmes to new employees, they were also used as a starting point to develop a new employee value proposition, performance management system and leadership profile in 2015. More information can be found in the chapter 'Creating value as an employer' on pages 32–33 of this Annual Review.

Our values – continued

Monitoring the effectiveness

To ensure the effectiveness of the 'Living our Values' programme is monitored, the values have been integrated into some of our key monitoring instruments, namely the Pulse and YES surveys, which measure employee engagement; and the Global Brand Health Monitor, which measures the brand awareness per business line per country, and whether customers feel we are living our values. These surveys include a number of questions on how NN is living its values and how these values are demonstrated in all of our markets. If there is a decrease or stagnation in performance, this is reported to the business units so they can take action. More information on these monitoring instruments can be found in the section 'Our brand' on page 8, and the chapter 'Creating value as an employer' on pages 32–33 of this Annual Review.

Looking forward

An analysis of the first year of the implementation of the 'Living our Values' programme and the results of monitoring its effectiveness have led to a number of recommendations on how to further strengthen the programme. Overall employee awareness of the values is very high, and much has been achieved to ensure the 'Living our Values' programme remains top of mind. We will continue to invest especially in the 'role model behaviour' of managers, as this is a key component of success in the long term. This will be addressed in 2016 as part of the management development curriculum. There are a number of other actions planned for 2016 to further stimulate an open dialogue on the consistency of our behaviour with regards to the NN values. We will also repeat our NN Values week in 2016.

Driving continuous behavioural change



Code of conduct



To further align with our values, our Code of conduct was refreshed in 2015.

Code of conduct

Where our values are our compass for decision-making, our Code of conduct outlines our conduct related red lines with regard to for example conflicts of interest, fraud, corruption and Financial Economic Crime. In 2015, the existing Code of conduct was 'refreshed' with the objective to further align with our values. In the process, we reviewed the comprehensibility and completeness of the Code of conduct and made adjustments where necessary.

The refreshed Code of conduct does not contain new standards, it aims to present and explain existing standards in a comprehensible and accessible fashion to foster further awareness. It will be applicable to the whole of NN Group.

Manager annex

To reflect different expectations we have of various populations within NN, we also developed a Manager annex. This annex aims to raise awareness on standards we have in place that are relevant for all managers to know and act upon, as well as the role they have in ensuring everyone 'lives' our values, and continuously lives up to our standards.

Test, adjust, finalise

Draft versions of the Code of conduct and Manager annex were discussed in a series of workshops in which all managers from the NN Group Head Office, NN Life and NN Non-life participated. The workshops aimed to raise awareness, gather feedback on the draft texts and to discuss dilemmas they were facing in applying the Code of conduct and Manager annex in daily business. Based on the feedback gathered in the workshops, both documents were adjusted and finalised.

Looking forward

In 2016, the Code of conduct and Manager annex will be rolled out throughout NN Group. The main focus in the roll-out process will remain on raising awareness, on the applicability of standards, and on dilemmas and how to unravel them. The Code of conduct and Manager annex is scheduled to become applicable as of 1 September 2016.

CEO statement

Accelerating change



2015 was a good year for NN Group. A year in which we delivered on the targets we set at the time of our Initial Public Offering (IPO) in July 2014: to improve earnings and generate capital as well as deliver an excellent customer experience.

In 2015, we grew into an established standalone company delivering on our targets. Going forward, we need to remain responsive, be more agile and accelerate change.

Our values 'we care, we are clear, we commit' are the guiding principles by which we seek to fulfil our purpose to help people secure their financial futures. Throughout the year, we rebranded all our businesses from ING to NN, Nationale-Nederlanden or NN Investment Partners. This process, and our brand promise 'You matter' provided us with a clear and recognisable identity in all of the markets where we operate.

Delivering on our targets

Our continued focus on delivering excellent service to our customers, innovating our products and improving our business mix is reflected in a 13.1% increase of the value of new business to EUR 202 million in 2015. Our operating result of the ongoing businesses improved by 32.2% to EUR 1,435 million and our net result improved by 166.1% to EUR 1,565 million. The Assets under Management at NN Investment Partners decreased by 4.2% to EUR 187 billion.

Our balance sheet and capital position remain solid and our NN Group Solvency II ratio was a strong 239% at the end of 2015, based on our Partial Internal Model. In December, we received approval from the Dutch regulator (DNB) to use our Partial Internal Model under Solvency II for NN Group and the insurance entities in the Netherlands. The Solvency II capital ratios are still subject to final interpretations of Solvency II regulations including the treatment of tax in the SCR.

Also, our credit rating was updated by Standard & Poor's (to A-) and affirmed by Moody's (at Baa2), both with a stable outlook.

Our operating entities have generated a significant amount of cash, with most subsidiaries upstreaming regular dividends. We issued EUR 1.6 billion of debt to the markets after our IPO to externalise our debt and to increase our financial flexibility.

Furthermore, we have delivered on our equity story by paying out almost EUR 850 million to shareholders from the moment of our listing until 31 December 2015. In that same period, we generated a total shareholder return of 69.1%.

Finally, in the Netherlands we realised our EUR 200 million cost reduction programme one year ahead of schedule.

Innovating our customer experience

With this strong foundation, it is time to look ahead. The changes in our operating environment continue to be unpredictable and fast-paced. NN has a flexible and practical approach towards these developments. We want to capture the many opportunities of changing consumer behaviour, retrenching governments and the use of new technology. We aim to innovate in order to keep improving our service to customers and to retain our leading positions.

CEO Statement – continued

We understand that innovation is not only about digitalisation, apps and online platforms. Developing products to anticipate new demands of our customers and finding other ways to distribute our products are at the core of our strategy.

At the same time, we will continue to empower our customers with the knowledge and tools to make sound financial decisions. With our focus on innovation, we target an increase in customer satisfaction, flawless and intuitive interaction as well as efficiency.

In 2015, we saw many examples of innovation in our businesses. In Spain, we implemented the paperless sales process. This allowed us to provide a better customer experience as well as collect high-quality customer data, and in turn process that information efficiently. This has improved the Net Promoter Score and reduced new business processing costs by over 80%.

Other good examples can be found in Poland and Hungary, markets that were historically dominated by unit-linked savings products. Recently, they added standalone protection products to their business mix. The 'Your life matters' campaign in Poland – a health campaign focused on preventative measures – reinforced our protection positioning and cemented our place as the number one choice of Polish customers. In Hungary, Élétut, which is a modular protection product, helped us regain our number one market position. And in the Netherlands, data technology enables us to make digital contact with customers more personal and relevant.

We have also invested in more efficient and effective operations, and aim to further reduce the expense base in the Netherlands by approximately 15% to EUR 700 million by the end of 2018. We are taking measures to improve the results of our Non-life business through better underwriting performance and a further reduction of expenses. We have already made progress by improving the claims handling processes and fine-tuning premium rates.

Finally, the challenging market environment has also prompted us to sharpen the strategic focus of our asset management business in 2016.

Dedication and teamwork

As a Management Board we are very proud of our 11,500 colleagues who contribute to our company's achievements and bring our brand promise 'You matter' to life for our customers every day. We want to foster this positive energy and high employee engagement levels, which increased to 73% in 2015.

To keep up with the dynamic market environment and to maximise our results, we also attach great importance to investing in our leaders. Therefore, we offer several new leadership programmes, aimed at further enhancing our focus on values based leadership, customer centricity and external orientation.

Committed to society

We believe that our role as a company goes beyond delivering monetary returns for our shareholders and a great experience for our customers. We aim to use our resources, expertise and reach to help society achieve long-term sustainable prosperity. Our corporate citizenship strategy is built upon our company's purpose and values, and focuses on two main areas: improving people's financial well-being and responsibly managing our assets. Through our community investment programme 'Future Matters', we connect with our employees, customers and business partners, and aim to together address societal needs.

Also, to continue to earn trust and support, we maintain an open dialogue with our various stakeholders about our products and services, our business performance and our role in society. In this second Annual Report published as NN Group, we included more information on how our business model creates value for our different stakeholder groups. We were very proud to win last year's FD Henri Sijthoff Award for best Annual Report, and it inspired us to look for further improvements in how we report in a more integrated way.

2016 onwards

NN Group is well positioned in the international insurance and asset management industry, with strong characteristics on which we can build: a robust balance sheet, a well trusted brand and a strong customer-focused culture. Furthermore, we have large and effective multi-distribution platforms, and diversified sources of cash generation.

Our 2015 results were strong, but our work is not complete. As we continue to operate in volatile and fast-paced markets, where change is a constant, we need to remain responsive, become more agile and accelerate change.

I want to express our gratitude to our customers for their continuing loyalty, and to our colleagues for their commitment and care. Going forward, we will steadily continue our journey as an independent company that truly matters in the lives of our stakeholders.



Lard Frieze

Chief Executive Officer NN Group

What matters to us

Understanding key trends and material issues

To further develop NN Group's business strategy and to set our priorities, it is important to understand what the most relevant developments and issues are in our sector in general, and specifically with regards to our company. This is an ongoing process and also relevant in our annual reporting.

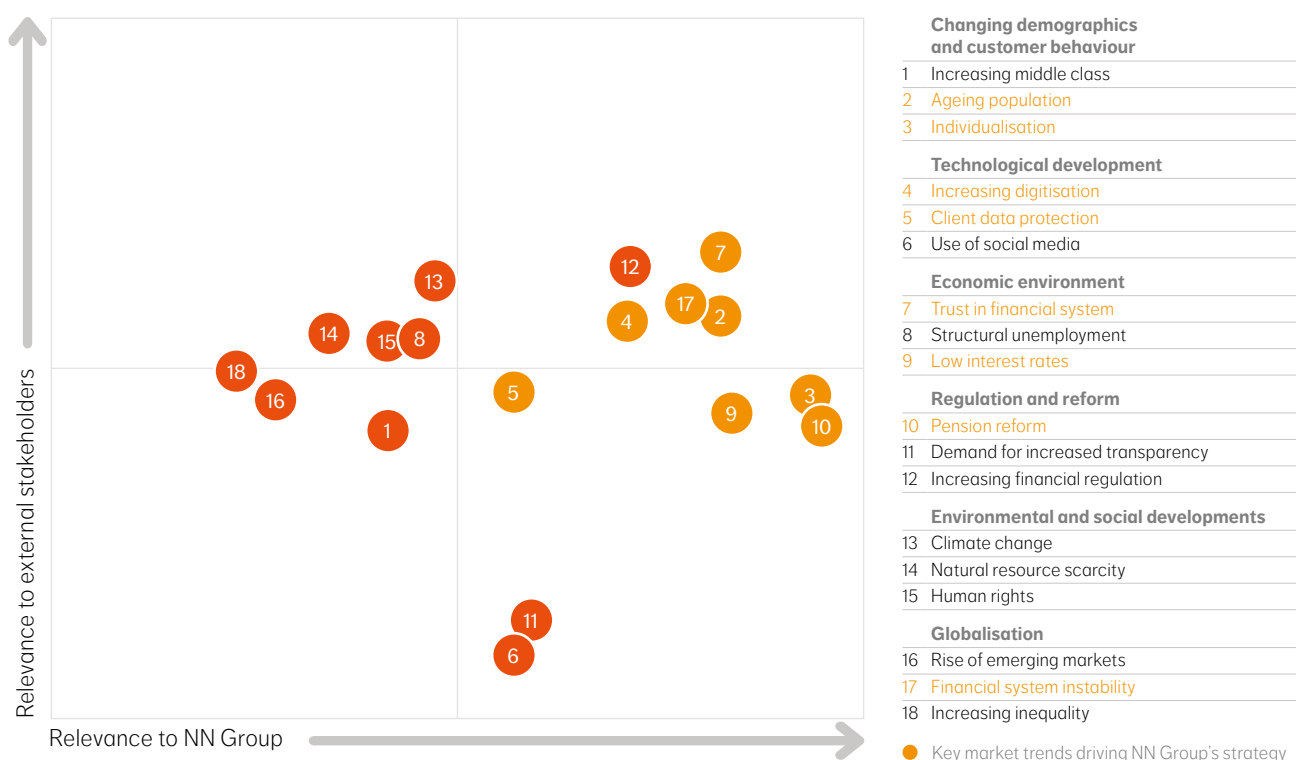
The guidelines from the Global Reporting Initiative (GRI) define material aspects that reflect the organisation's significant economic, environmental and social impacts, or that substantially influence the assessments and decisions of our stakeholders.

NN Group used internal and external research reports to create an overview of trends and developments that potentially impact our company. In doing so, we built upon the outcomes of the 2014 materiality assessment. To validate these developments, an online survey was conducted amongst external stakeholders, including investors, customers, peers, NGOs, academics and experts in the area of sustainability. The survey was also completed by our internal experts in the area of investor relations, strategy, capital management, marketing and compliance. The results from both surveys were combined to create a materiality matrix, which presents the developments and topics that are important to our business, and the relevance of these to our external stakeholders. This process was supported and executed by an external agency to ensure independence.

The materiality matrix was discussed during a permanent education session of NN Group's Management Board and Supervisory Board, and the management teams of our Dutch business units. This group increased the importance of some topics, however this did not impact the division per quartile. The final version of the materiality matrix was approved by the Management Board. The outcome of this process is reflected in the figure below.

The most material items, indicated in the upper right quarter, and NN Group's response to them, are further described in the 'Creating value' chapters, pages 24–35 of this Annual Review.

Societal trends as well as business concerns recognised as most material by our stakeholders



Our operating environment

Navigating through an ever-changing world

The world continues to change at a fast pace.

As a company, we need to remain both flexible and practical, in order to optimally respond to the trends in our sector. Clearly refining our strategy for the future will help ensure that we continue to deliver on our objectives going forward.

But we also believe some things will remain the same. The fundamental need of people to protect themselves against life's uncertainties will not disappear. Whether it is against the risk of living a long life without sufficient means of support, or against the risk of dying at an early age, people are looking for protection. In many businesses, we also help protect against the risk of possessions being damaged or stolen, or the risk of losing a source of income. Around the world, wealth will continue to increase, and so will life expectancy.

What is more, in many cases, the traditional provider of that protection, the government, will continue to retrench over time.

NN Group is well positioned to capitalise on these developments. We have a trusted brand and a strong customer-focused culture. Our employees understand how important excellent customer service is, and are expected to drive customer satisfaction for all our customers. We have a large and effective multi-distribution platform in all markets where we operate. And almost all our businesses fund their own growth, while also remitting cash to the Group on top of this.

Market trends and our response

In our view, we see a number of key trends in the insurance and asset management industry on which to focus in particular. In this paragraph, we mention the trends that are positioned in the upper right quarter of our materiality matrix on page 13.

We categorised and explored some of them, and touch upon them in this chapter. How we act upon these trends to create value is described in the chapter 'Creating value as an insurer and asset manager' on pages 24–27 of this Annual Review.

We do not aim to be exhaustive. Globalisation and specific geopolitical developments, for example, are expectedly on every multinational's agenda. Examples are immigration, terrorism, interstate conflicts or the potential erosion of international relationships that have been a cornerstone of global stability for decades. However, this report does not elaborate explicitly on these topics. Increasingly important global issues such as climate change and human rights, positioned in the upper left quarter, are addressed in the 'Creating value as an investor' chapter on pages 28–29 of this Annual Review, and in the Sustainability Supplement on pages 9–11.

We are well positioned to capitalise on the main developments in our sector



Our operating environment – continued

Resulting from the materiality assessment and our own analysis, we see a number of key trends in the insurance and asset management industry.

Market trend and risk

Changing demographics and customer behaviour

People live longer and birth rates are decreasing in most of the markets in which we operate. This will change the structure of society, also impacting the economy, social security, health care systems and labour markets. This in turn affects the nature and funding methods of pension schemes.

An ageing population and increasing longevity increases the overall costs of pensions, and has an impact on governments, employers and employees. That said, living longer also means that people are able to work longer, and ultimately must do so, to save sufficient money before retiring.

As people bear more individual responsibility for their financial futures, this creates a specific demand for a more personal approach to customers. Most customers rightfully set high standards when it comes to their finances. They are increasingly looking for transparency and clear information so they are able to make the right choices. They rely less on face-to-face advice than in the past, often use online communication – which they can tailor to their individual needs – and also rely more on peer recommendations.

Changing customer behaviour points to much quicker decision-making, and requires our processes and communication to be continuously adaptable.

Our response

Filling the gap in risk protection

We seek an active and ongoing engagement with our customers, which is focused on empowering them, creating financial awareness and supporting them in making the financial decisions that help them improve their well-being. We aim to help our customers by, for example, maintaining a clear overview of their pensions accrued with different employers over time, and giving them guidance on making the right choices. We assembled a simple and more focused range of products and, to make things easier for customers, we further simplified communications. For example, in Turkey customers can now access their pension and life insurance accounts via an app available for tablets and smart phones. The app consists of an environment where customers can securely make most transactions whenever and wherever they want. There is also an option for customers to plan their future by testing different contribution amounts in different future scenarios.

In the Netherlands, growth opportunities are selectively captured, driven by the shift from defined benefit (DB) to defined contribution (DC) pension schemes. We selectively pursue buy-out opportunities as well.

With our core activities in retirement services and asset management, we are well positioned to fill the gap in risk protection that is a result of retracting governments. We have the required expertise and, by combining our asset management, life insurance and retirement service capabilities, we have a solid basis on which to build. It is important, however, that we keep focused on accelerating change within our organisation, with the continuous aim of improving our agility and responsiveness.

Market trend and risk

Continued low interest rate environment and volatility of the financial markets

In recent years, weak macroeconomic conditions and volatile markets have led to slow economic growth and low interest rates. This fragile economic growth – as well as the increased and structural unemployment or the instability of the financial system – have affected societies and industries in different ways. In some countries these factors led to pension reforms. Low GDP growth remains a challenge as it keeps interest rates low, affecting investment yields and the return for customers. This is not beneficial for consumer trust in general and remains a challenge for the financial services industry.

Our response

Active risk management and maintaining a strong balance sheet

We limit our risk exposure to interest rates by matching the cash flows of our assets and liabilities. We take on higher yielding assets in a prudent manner. We can afford to do so given our conservative balance sheet and our strong capital position, which continue under the new Solvency II regime. We changed our product mix to include more protection and capital light products.

Read more information about our risk management approach on page 23 of this Annual Review, as well as a more extensive description on pages 119–141 of the Financial Report.

Our operating environment – continued

Market trend and risk

Leveraging new technology and digitalisation

Digitalisation is a game changer, also for the insurance and asset management industry. Being able to compare products online, for example via social media, has increased competition in the market.

We have also seen a shift from purely transaction-driven customer contact to one that is more relationship-driven. Historically, online communication often meant impersonal interaction, but state-of-the-art technologies now enable us to communicate in personal and relevant ways with our customers.

New technologies enable further individualisation and drive further innovation in the sector. Apart from the opportunities these developments bring, there is a growing public concern about the potential risks related to data privacy.

Our response

Creating a new world of customer experience

Our approach to innovation is a holistic one. For us, it is about simultaneously meeting the objectives of customer satisfaction, intuitive interaction and efficiency. We create new products and services by developing a culture that supports our employees to take ownership, to come up with new ideas and to contribute to innovation. We direct funding to promising projects that create value for both our customers and our company. By embracing new technologies and digitalisation, we ultimately aim to secure people's financial futures, also in a digital world. We have already introduced new portals and apps for tablets and smartphones in some of the markets we operate in, making it possible for customers to access their products and accounts, and securely make transactions anytime, anywhere. We take the issue of data privacy very seriously and put in place security measures to protect customer information and data. We believe that technology will encourage further engagement with customers about their financial planning, and empower them to make informed decisions. Read more information and examples regarding our customer experience on pages 24–27 of this Annual Review.

Many players in our industry are confronted with legacy IT systems and portfolios. We are no exception, and we work hard to replace and improve systems. We simplified our IT landscape and are continuing to further progress on this. We are becoming more flexible by benefiting from modern IT systems, and the expertise of our suppliers and business partners. We keep investing in modernising our IT infrastructure and direct channels. Our IT capabilities have enabled the introduction of new, useful tools that aid in developing new solutions that add value for our customers.

Market trend and risk

Non-traditional competition

Technology has not only changed the rules of the industry, it has also changed the rules of competition and the barriers to entry. Innovation from existing players and non-traditional players is making competition fiercer. In particular, small specialised FinTech companies, who are entering the market at a rapid pace, can disrupt the market (especially for traditional players).

Our response

Forming value-adding partnerships

In a rapidly changing world, alignment with new non-traditional companies is essential. We are constantly looking for new opportunities in the market by building relationships and partnerships with new players to add value to both business models. By combining forces and sharing knowledge on new technology and digitalisation, existing products can be improved and new products can be developed that correspond even better to the needs of customers. By actively searching for and initiating relationships with non-traditional companies, we are recognising and leveraging the strengths of both traditional and new models, creating opportunities for both.

For example, NN Investment Partners initiated partnerships with the Dutch independent institute for financial advice and planning (Nibud) and the Dutch Association of Stockholders (VEB) to create investment awareness among retail clients.

To capitalise on these opportunities – as well as the very dynamic environment in which they are created – we are defining industry 'game changers' as we move forward. These in turn shape our innovation agenda, which we consider to be a responsive, long-term journey.

Our operating environment – continued

Market trend and risk

Regulatory demands

The financial services industry has been significantly impacted by regulatory changes. The increased level of regulation, mainly prompted by the financial crisis, has created a new operating reality in the financial industry. Insurance companies, however, are generally well positioned to adequately respond to this regulatory pressure.

A prime example is Solvency II, which took effect in 2016, and which requires insurance companies in the European Union to take specific measures to reduce the risk of insolvency.

Our response

Mitigating risks by collaboration with policymakers

NN Group believes in clear and sound regulation, as this helps to build and maintain trust in our sector and company. It is important however to achieve the right balance, and prevent regulation from severely disrupting our operations, which in turn increases costs for customers and decreases customer engagement. NN Group strongly supports the close collaboration of policymakers and the industry to mitigate these risks.

In December 2015, we received approval from the Dutch Central Bank to use our Partial Internal Model to calculate our Solvency II capital ratio for NN Group and the Dutch Insurance entities. We have a strong capital position with a Solvency II ratio of 239% on 31 December 2015. The Solvency II ratios are still subject to final interpretations of Solvency II regulations including the treatment of tax in the Solvency Capital Requirements (SCR). See the Risk and Capital management section on pages 119–148 of the Financial Report for further details.

Market trend and risk

Transparency

As with regulatory changes, we feel that we are operating in a 'new normal' in terms of the measures that have been taken to promote product transparency, particularly in the Netherlands. That said, we are expecting an additional transparency push for countries in Central and Eastern Europe, as European legislation requiring further transparency with regard to distribution and sales of insurance (and insurance based investment) products is currently being finalised. Once implemented in national law in the European member states, this will create a new, minimum level of product and sales transparency across Europe. Going forward, the European Insurance supervisory authority (EIOPA) will focus on ensuring transparency, simplicity, accessibility and fairness across the European internal market for consumers.

Meanwhile, in the Netherlands, the uncertainty concerning the outcome of the legal procedures regarding unit-linked insurance products continues.

Our response

Continue to set an example

In line with our values – we care, we are clear, we commit – we have closely examined our products and services to ensure they are well suited for our customers, and comply with all applicable regulatory product requirements. In Europe, NN will continue to closely monitor regulatory developments to ensure compliance with all new European legislation.

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. In recent years, NN has made significant progress in reaching out to ('activeren') individual customers who purchased unit-linked products in the past, addressing vulnerable customer groups with priority. In 2012 and in the first quarter of 2013 customers were informed about their compensation under the agreement with several consumer interest groups ('Tegemoetkomingsregeling').

Reaching out to customers means helping them to gain insight into the difference between the projected value of their policy and their target capital and giving them an overview of possible improvements, to encourage and enable such customers to take steps to improve their individual financial situation. NN helps customers to assess whether the product stills meets their objectives and whether the product is aligned with the customer's risk absorption capacity and appetite. If customers so choose, they have the option to switch to another product free of charge.

To date, we reached out to 100% of customers with non-accumulating policies and mortgage related policies. Before the end of 2016, all customers with annuity-related policies will be contacted. NN will reach out to the remaining group before 1 January 2018. From a total of almost one million individual unit-linked policies sold up to 2006, approximately 322,000 policies were still active on 31 December 2015. In a limited number of cases (less than 400 by the end of 2015), NN has settled disputes with individual customers. These are tailor-made solutions. A limited number of individual customers have put forward their cases at the Dutch Complaints Committee Kifid or at the civil courts.

Our strategy

Our strategy is to deliver an excellent customer experience, based on strong products and services, and long-term relationships

Even though the landscape of insurance and asset management is constantly changing, the role we play in supporting people to build and protect their assets and cover their risks has not changed. As such, our aim is – and will remain – to help people secure their financial futures.

What has changed, however, is how we do this. Creating awareness among customers of their financial futures is not just a matter of providing people with information and products. It is about engaging them in an ongoing dialogue about their needs, ambitions and dreams, and how we can help them financially plan to fulfil their goals. We consider engaging with our customers to be a privilege and an opportunity, which is reflected in our brand promise: 'You matter'. We deliver on this promise on the basis of our values: we care, we are clear, we commit.

Strategic focus areas

Our strategy to deliver an excellent customer experience is built on the following pillars:

Transparent products and services

NN Group is committed to delivering products and services that are easy to understand and meet customers' lifetime needs. Products and services are built in a standardised, modular way, with flexible features tailored to the needs of individual customers. We review our product range regularly to ensure that all products and services meet our customer, compliance, risk, capital and profitability requirements.

Multi-access distribution

NN Group strives to be available to customers wherever they require. We operate via agents, brokers, banks and direct servicing, which allows customers to choose how and when they interact with us.

Effective and efficient operations

NN Group aims to make processes as efficient and effective as possible in order to deliver value for money for our customers. As well as implementing an operating model with more standardised processes, we are simplifying and improving our IT infrastructure. We are also developing our customer intelligence skills, so that we can take a more holistic view of our customers and, ultimately, provide them with even better services.

Excellent balance sheet management

Effective capital and risk management ensure that we meet the interests of all our stakeholders and deliver value. Maintaining a strong balance sheet is key to absorbing market volatility and ensuring NN Group and our operating entities are sufficiently capitalised at all times.



Our strategy – continued

For an overview of how we delivered on our strategy while creating value for our stakeholders, refer to pages 24–35 of this Annual Review.

NN Group strategy going forward

In the current market environment, NN Group sees opportunities for its businesses. We view the private pension market as a growth driver and will continue to use technology to enhance customer experience and increase efficiency. To leverage these opportunities and to keep progressing, we are building a company that truly matters to our stakeholders. Our role in society and our approach to sustainability is something we take very seriously. We will continue to focus on improving people's financial well-being and manage the assets entrusted to us by our customers, as well as our own assets, in a responsible way.

At the same time, we aim to deliver an excellent customer experience and drive shareholder value. To realise this, our focus areas going forward can be defined as follows:

1. Focus on our industry growth driver: lifetime savings and risk protection via retirement services and asset management

The fundamental need of people to protect themselves against life's uncertainties will continue to drive growth in the insurance industry over the long term. With the combination of our asset management, life insurance and retirement service capabilities, we believe we differentiate ourselves in the market.

2. Creating a new world of customer experience, realised through innovation

For NN Group, innovation is not just about digitalisation; our approach to innovation is of a holistic character. It is about customer satisfaction, intuitive interaction and efficiency at the same time. It is about new products, new ways of distribution, and flawless processes; all anticipating current and future customer needs.

3. Enhancing efficiency and agility in all businesses

To ensure that NN Group is a 'future-proof' organisation, we are focusing on innovating our processes. This means making them more efficient and less expensive; practices that will solidify our position as a leading player across the industry and within economic fluctuations.

At the same time, we need to improve returns in all our businesses. This also entails a gradual shift of our operating model towards more responsibility for the business units over time.

Business strategy going forward

These overarching focus areas are translated by the different businesses, responding to their own specific market characteristics.

Netherlands Insurance

Digital, personal and relevant

In the recent past, efficiency and cost reductions were two of the main priorities in the Netherlands. They will continue to be important in the future as well. In November 2015 we announced a new target cost base of EUR 700 million by 2018, to be realised mainly through simplification and rationalisation of operational processes, conversion to lower-cost platforms and straight-through processing, the sourcing of non-core IT roles and moving our key workplace services to cloud services.

But at the same time our insurance business units in the Netherlands – Life, Non-life and Bank – will invest in further strengthening our customer experience and meeting the changing customer needs. Key words for 2016 and 2017 are digital, personal and relevant: we have a personal approach to our customers, are relevant in our product and services offering and we do this in a digital way where possible. As such, customers can secure their financial futures in a fast and easy way, now and in the future.

International Insurance

Strategic focus on profitable growth

In order to drive profitable growth while delivering an excellent customer experience, a first priority for the international insurance businesses is to focus on disciplined capital allocation at portfolio and proposition level. This enables the business to improve return on equity of the overall portfolio and also improve the value of new business written as we focus on higher margin protection sales. Our second priority is to further leverage high-quality distribution by arming tied agencies with digital technology, which will bring improved productivity as well as an enhanced customer experience. Opportunities also exist to significantly grow in bancassurance partnerships.

A third priority in the international businesses is to drive growth through innovative product development in the areas of protection and long term savings. Our final priority is to differentiate through excellent customer experience by continuously digitalising the customer touchpoints and leveraging customer intelligence and analytics.

Successfully implementing a digital strategy is critical to firstly meet and progressively beat our customer expectations.

NN Investment Partners

Focus, simplify and optimise

The challenging market environment prompts us to sharpen the strategic focus of our asset management business. While investing in new and promising products, market segments and client initiatives, NN Investment Partners is executing an optimisation programme so it can keep delivering on client promises and growth ambitions. In the fourth quarter of 2015, we have taken a restructuring provision of EUR 13 million to realise this.

NN Investment Partners will sharpen its client focus tailored by type and country, and heighten distribution focus through initiatives such as key account management. Furthermore, it will simplify and rationalise operational processes, while at the same time making its organisation more agile and aligning the investment engine with areas where we see growth. The setup of skill based boutiques supports this, where responsible investment is an overarching element in all boutiques.

Our strategy – continued

In assessing our success, we measure our performance in a disciplined way with clear objectives.

We measure the success of our company both in terms of financial and non-financial performance. Therefore, we set financial, operational, and non-financial objectives.



Objectives

Financial objectives*

- Annual growth rate on average of 5–7% of operating result before tax of the ongoing business, in the medium term
- Reduce administrative expenses by approximately 15% to realise a cost base of EUR 700 million by 2018 for Netherlands Life, Netherlands Non-life and Corporate/Holding. The reduction of administrative expenses in Netherlands Life, Netherlands Non-life and holding entities by EUR 200 million, compared to 2013, was completed in 2015
- Increase the net operating return on equity (ROE) of the ongoing business in the medium term, measured against pro-forma 7.1% in 2013
- Over time generate free cash available to shareholders in a range around the net operating result of the ongoing business, assuming normal markets, the current regulatory framework and no material special items

Operational objectives

- Create a customer-driven organisation, offering products and services through efficient processes and systems
- Capture profitable opportunities to grow our business by leveraging our well established presence in growth oriented segments in Europe and Japan
- Capture selective growth opportunities in the Netherlands: growing in the Defined Contribution and PPI market for our Life business, the Disability & Accident market for our Non-life business and focusing on building scale and improving profitability for NN Bank
- Improve the productivity of distribution platforms and drive operational improvement through disciplined cost management at NN Investment Partners, while also growing third-party net inflows
- Actively manage Japan Closed Block VA

Non-financial objectives**

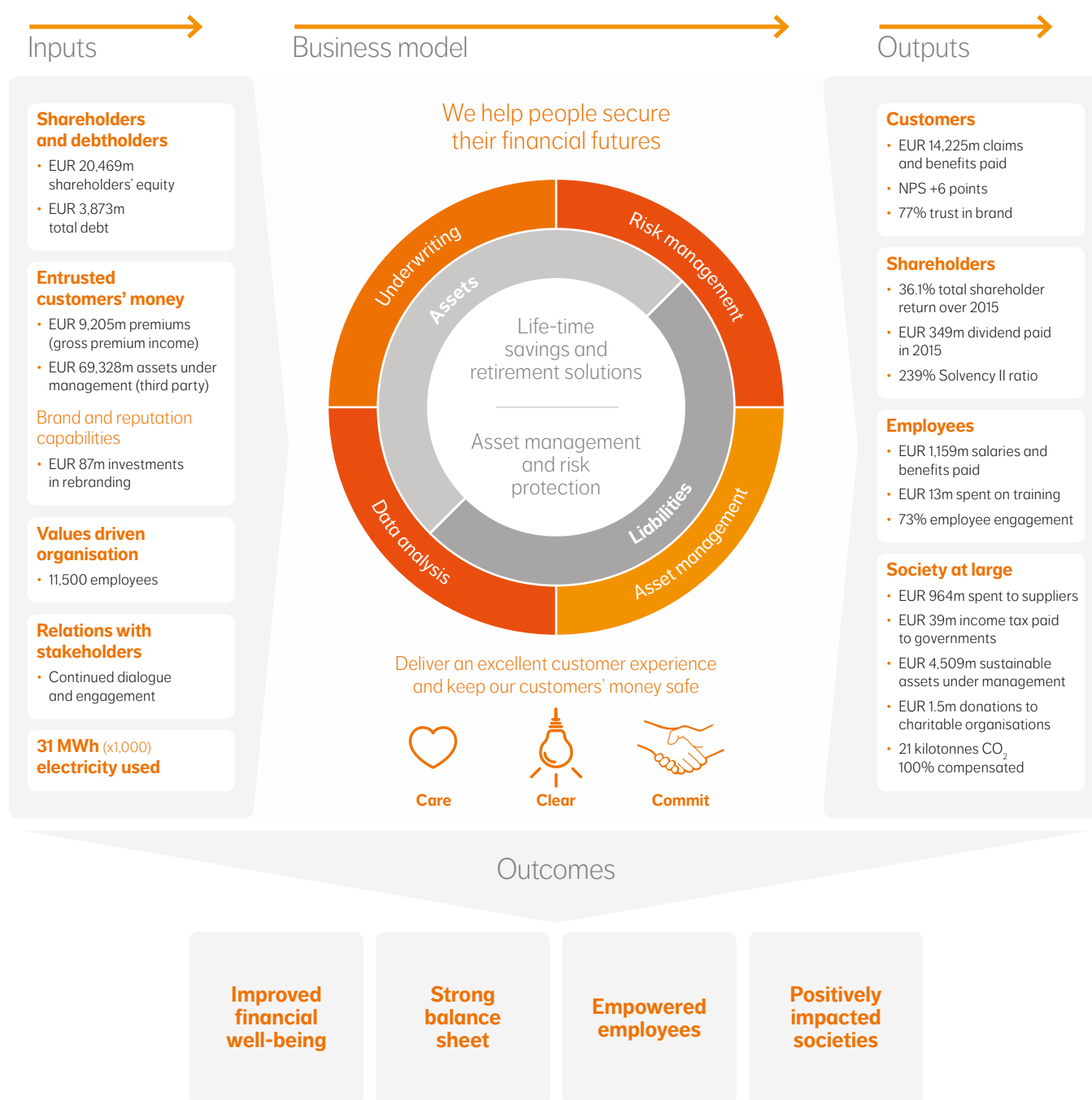
- Deliver insurance products that are suitable, transparent and contribute to the financial well-being of our customers
- Invest in a responsible manner by integrating environmental, social and governance (ESG) factors into the investment process
- Empower our employees by fostering an open, inclusive and stimulating working environment
- Create positive change in the communities where we operate by supporting people in their efforts to improve their financial well-being and help them overcome adversity
- Minimise our environmental footprint by reducing the use of natural resources and seeking green alternatives

* NN Group also sets specific financial objectives per business segment.

** For more information on non-financial objectives, refer to the Sustainability Supplement, page 4.

How we create value

NN Group aims to be a company that truly matters in the lives of our stakeholders: customers, shareholders, employees, business partners and society at large



This is a simplified visualisation of our business model. In developing this model we used the framework of the International Integrated Reporting Council (IIRC) that is based on financial, intellectual, human, and social and relational capital.

How we create value – continued

When acting upon the trends in our operating environment and executing our strategy, we focus on the core of our business model: to help carry risks for people they can't bear alone, providing protection to what matters most to them.

As such, we offer life insurance products to protect people against the risk of living a long life without sufficient means of support or dying at an early age, non-life products (in some markets) to protect the assets that matter to them, and savings and investment products to ensure their long-term income.

We invest and actively manage the capital from our shareholders and the premiums we receive from our customers, or the assets under management entrusted to us.

Our value creation model illustrates what resources we use to create value. A set of financial and non-financial indicators helps explain the impact of our business on our different stakeholder groups.

To truly matter in the lives of our stakeholders, we fulfil several roles in the world around us. We are an insurer and asset manager, an investor, a listed company, an employer and a corporate citizen. As such, we aim to create value in an integrated way for all our stakeholders: customers, shareholders, employees, business partners and society at large.

Creating value as an insurer and asset manager

The capital from our shareholders is allocated to our business units, focusing on those areas offering the best prospects for growth and returns. Our businesses have strong capital generation capabilities, as we see reflected in our solid capital position and the dividends from our subsidiaries.

Our customers entrust their money to us when purchasing our products and services. Our role is to support people in building and protecting their assets and covering their risks. We offer easy to understand and transparent products and we aim to empower our customers with the knowledge and tools they need to make sound financial decisions. Through our multi-access distribution approach we are there where our customers want us to be, supported by efficient and effective operations.

How we create value as an insurer and asset manager is described on pages 24–27 of this Annual Review.

Creating value as an investor

To pay out claims and benefits to our customers, we invest in different asset classes. When investing our assets, our priority is to provide the best risk adjusted return, consistent with matching our assets and liabilities. We always do this by integrating environmental, social and governance (ESG) factors into our investment and active ownership processes.

How we create value as an investor is described on pages 28–29 of this Annual Review.

Creating value as a listed company

We raise the financial capital that we need to manage our business from our shareholders and investors, as the owners of our company. They invest their money in NN Group and expect to be compensated in a responsible way. Our dividend policy states that we return excess capital to our shareholders, unless we can find other value creating ways to deploy that capital, organically or inorganically. We believe that having a strong, diversified and professional shareholder base is also critical for all other stakeholders.

The listing of NN Group on Euronext Amsterdam in 2014 increased the visibility of the company. We regularly inform the market of strategic, financial and commercial developments at NN Group. In doing so, we constantly strive to enhance NN Group's reputation as a solid, transparent and reliable company for all our stakeholders.

How we create value as a listed company is described on pages 30–31 of this Annual Review.

Creating value as an employer

We want to be known for our customer care. Our human capital, consisting of about 11,500 employees, brings our brand promise 'You matter' to life for our customers every day. We employ a diverse group of talented and skilled people, and ensure we provide them with the training and equipment they need. We offer our employees competitive salaries and benefits. We work hard to create a culture based on our values, as they enable us to be the best we can be, and to continue to build and maintain trust with our stakeholders.

How we create value as an employer is described on pages 32–33 of this Annual Review.

Creating value as a corporate citizen

At NN Group, we aim to be a good corporate citizen by using our resources, expertise and reach to help societies achieve long-term sustainable prosperity. We contribute to society at large by purchasing products and services from suppliers, and by paying taxes to the governments of the markets where we operate. Furthermore, we invest in our local communities through donations and volunteering.

How we create value as a corporate citizen is described on pages 34–35 of this Annual Review.

Active Risk management

Managing risks is an integral part of our business model

Managing risks is integral to the business model for insurers and asset managers like NN Group.

With Risk management being at the core of our value creation process, it must be addressed appropriately. Through our risk management practices, we seek to meet our obligations to customers and creditors, manage our capital efficiently and comply with applicable laws and regulations.

Active Risk management

Our Risk management system is built around four components: risk strategy, risk assessment, risk control and risk monitoring. It operates in the context of our risk philosophy which we call 'Active Risk management'.

We assess the effectiveness of this philosophy twice a year through Risk Culture Dashboard assessments.

Under this philosophy, every employee has a role in identifying risks in their domain; the role of management is to decide how to manage these risks. It is paramount to know which risks we take and why; have our eyes wide open for both the biggest risks and everyday risks; and ensure an adequate return for the risks we do take.

With risk management, we do not try to predict the future, but rather manage potential risk. This encompasses all risks to all key business objectives.

When assessing and managing risks, we work systematically, aim for completeness and document what we do.

Each risk analysis performed is communicated in a focused and relevant way. As such, we are clear and transparent throughout the organisation for the benefit of management and stakeholders alike.



Our risk profile

The Risk and Capital management section in the Financial Report provides details regarding the types of risk in our risk taxonomy. In addition, we perform a yearly risk assessment to identify and assess the top risks for NN Group. The 2015 process resulted in the Management Board identifying the following top risks for NN Group (in no particular order).

Financial market exposure relates to adverse market movements and volatility. A well-diversified portfolio, strong asset-liability matching, specific hedging programmes and strong risk governance aims to keep this risk within set limits.

Adapting our **longer-term business model** to the changing world around us, including low interest rates and technological advances, is managed through NN Group's strategy process and related Medium Term Planning (MTP) cycle. A Chief Innovation Officer was appointed in the fourth quarter of 2015 to channel and support innovation initiatives.

Regulatory and political circumstances continue to change at a rapid pace, including those for financial services companies. Closely following developments, actively managing relationships with regulators and supervisors alike, and raising any concerns in relevant forums are examples of actions to mitigate associated risk.

Longevity risk related to the Dutch pension business, is currently a large risk concentration with exposure to positive changes in life expectancy. We consider, from time to time, options to transfer part of this risk as well as also adjust the business model over time by rebalancing our pension portfolio towards more DC products.

Like many large organisations with legacy IT systems, we have a risk of **ineffective operations and related inefficiencies**, which can lead to slow or incorrect decision making, a cost base that is too high, and reputational damage. An effective control framework and a focus on improving efficiency aim to mitigate these risks to acceptable levels.

Client and product suitability refers to the risk that products do not appropriately meet clients' interests over their full lifetime. A product approval and review process is in place to ensure new products are appropriate for all stakeholders. A continuous focus on customer needs and a periodic review of existing products are priorities.

We need the right people to effectively manage our business for sustainable success. **Effective talent management** is crucial in attracting, retaining and compensating talent. Read more about our talent management approach in the chapter 'Creating value as an employer' on pages 32–33 of this Annual Review.

Financial conditions

NN Group has a strong capital position, also under the new Solvency II regime. This enables NN Group to pursue its strategy and business objectives without jeopardising its capital position, even under adverse events. For more on Solvency II, refer to the Financial Report.

Creating value as an insurer and asset manager

How we are helping our customers secure their financial futures

We want to offer customers fair value for money and an experience that is straightforward, personal and caring.

Our customers entrust their money to us when purchasing our products and services. Our role is to support people in building and protecting their assets and covering their risks. As we want to help our customers secure their financial futures, we manage our business in a responsible way. We create transparent, easy to understand products and we aim to empower our customers with the knowledge and tools they need to make sound financial decisions. Through our multi-access distribution approach we are there where our customers want us to be, supported by efficient and effective operations.

We measure how our customers value our products and services using – amongst others – the Net Promoter Score (NPS) methodology. With NPS we collect, evaluate and act on a constant stream of customer feedback. This information drives improvements in our product portfolio and customer service, thereby helping us become a more customer-centric company. We won awards in several countries for our approach of putting the customer at the heart of everything we do. In 2015, the majority of our insurance businesses have maintained or improved their Relationship NPS scores since the rebranding from ING to NN.

For more information on NPS and how we measure it using the Global Brand Health Monitor, please refer to page 8 of this Annual Review.

Customer centricity is also clearly expressed in our Customer Golden Rules. We strive to meet customers' needs throughout all different stages in their lives:

- 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

We also believe that we need to reach out to people that may not have direct access to insurance and could benefit from additional support. We aim to provide an inclusive and positive experience for many different groups of people. By developing products that offer added social value and anticipating the needs of specific customer groups, we optimise the customer experience while strengthening the sustainability of our businesses. For more information on financial inclusion, refer to the Sustainability Supplement, page 7.

Customer engagement and data privacy



'With our usage-based car insurance initiatives, the privacy of our customers is protected'

Sander Kernkamp,
CEO Netherlands Non-life

Delivering an excellent customer experience is also a matter of empowering people to improve their own financial decision-making. Therefore, we invest in educating people about finance and raising their financial awareness through campaigns and (online) tools.

New technologies and digitalisation enable us to become more relevant in the lives of our customers, with personalised offerings, based on individual customer profiles. In many countries, we aim to involve and consult our customers in our product development processes.

Our new hospital coverage for children in Slovakia is one such example. Another is the Dutch Nationale-Nederlanden app, developed in direct response to customer requests.

To protect customer information in our digital environment, we have several controls and measures in place. Examples are data encryption, strict authentication and access control, and incident management processing. Measures, developments and performance are reported to the Dutch Central Bank on a regular basis.

Creating value as an insurer and asset manager – continued

With our strategy to deliver an excellent customer experience, our customers are at the heart of everything we do. In 2015, all our businesses delivered on this strategy.

Our customers



15 million

customer policies worldwide

‘My advisor did a needs-based analysis, explained all the different options I had, and actively listened to me. It was easy, dynamic and quick.’

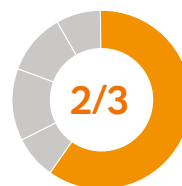
Alicia Santos, client

11.3% increase

compared to 2014 in our assets under management in sustainable equity and fixed income products



2015



At least 2/3 of the general public is positive or neutral about the NN brand



‘I am able to provide personalised, quality advice with speed, clarity and transparency.’

Ana María Vázquez, agent



Number 1

We were voted ‘best pension service provider’ in the Netherlands

95%



of our businesses using NPS, scored on/above market average

19 awards

won by NN IP for their customer-focused fund products in Europe and Asia



Japan

3 stars



For the third consecutive year, NN Life Japan received the highest rating (3 stars) for its after-sales call centre from the Help Desk Institute (HDI).

Creating value as an insurer and asset manager – continued

Transparent products and services

We are committed to delivering transparent products and services that are easy to understand and meet customers' lifetime needs.

In 2015, we introduced or adapted a wide range of products and services, all after careful product approval and review processes (PARP). PARP ensures, in all our markets, that transparency and customer interest remain a top priority.



Netherlands Insurance

Besides offering transparent products and services, our Dutch Insurance businesses aim to be personal and relevant, supported by new technology.

- NN Life launched a new defined contribution pension product, as well as a pension information service providing people with insight into their pension arrangements with all their previous employers.
- NN Non-life further developed usage-based car insurance, promoting and rewarding safe-driving behaviour. This behaviour also tends to lead to lower fuel consumption and lower carbon emissions.
- NN Bank expanded their consumer loans product portfolio by successfully introducing a personal-loan product with a clear schedule so customers repay and do not remain in a continuing debt position.

Given that NN Group operates in several markets, and therefore deals with different market dynamics, we do not follow a single-market approach. Our local businesses have market-specific products, services and campaigns.

International Insurance

Our international insurance business is providing tailored propositions for local markets. In Europe, we moved our business mix towards protection products, and repositioned our savings and retirement products in response to the low-interest rate environment.

- In Turkey, customers can access their pension and life insurance accounts via a client portal or app and securely make most transactions whenever and where ever they want.
- In Poland, we launched a flexible value proposition, including term life and optional investment and protection riders.
- In Japan, we launched flexible income protection for SME owners to cover their business loans, as well as a term insurance up to the age of 90 to facilitate SMEs' successful business succession.

Asset Management

NN Investment Partners aims to deliver distinctive, actively managed investment products developed in a customer-centric way. We focus on illiquid fixed income, high distinct active equity and multi-asset products, developed with environmental, social and governance (ESG) factors top of mind.

- In line with our product strategy, NN Investment Partners set up a new Dutch Residential Mortgage Fund with NN Bank.
- The European Central Bank recognised our expertise by extending its contract for the Asset-Backed Securities Programme.

Creating value as an insurer and asset manager – continued

Multi-access distribution

We are there where our customers want us to be.

Our large, high-quality distribution platform is one of our strengths. We are present in all distribution channels – agents, brokers, banks and direct servicing – which allows customers to choose how they want to interact with us. We will continue to focus on upgrading our distributive efficiency by investing in digitalisation.



Netherlands Insurance

- For Dutch SME clients in the property and casualty market we set up a 'deal team' for larger deals, resulting in more direct and faster communication with intermediaries.
- In the Dutch life insurance market, independent advisors – including actuarial consultancies, insurance advisors and pension specialists – continue to be important partners. By combining their independent advice with our pension solutions and pension communication initiatives, we can respond to changing customer demands and enhance customer satisfaction.
- NN Bank plays a key role in our retail distribution strategy in the Netherlands, becoming a front-end for our Dutch retail customers. This gives us the opportunity for frequent customer contact and more customer acquisition.

International Insurance

Internationally, we service our customers through one of the biggest tied agent distribution entities as well as through brokers, direct channels and our bancassurance partners.

This significant distribution ability is one of our distinct strong points and a driver for growth.

- In Greece, multi-channel distribution capabilities are developed by diversifying and balancing the different channels. As such, we are not too dependent on one single channel.
- In Japan, we provide excellent sales support to our distribution partners. Tablet tools have been launched for sales support staff to access relevant customer data on-the-go, thereby improving the quality and speed of service to our agents.

Asset Management

NN Investment Partners services institutional, wholesale and retail clients through a global distribution network.

- To optimise distribution capabilities, the interactive reporting services for Dutch institutional clients were expanded.
- After Poland and the Netherlands, the third direct execution investment platform was introduced in the Czech Republic.

Efficient and effective operations

We aim to make processes as efficient and effective as possible to deliver value for money for our customers.

By rationalising and improving our IT landscape we improve efficiency and reduce costs. We completed our EUR 200 million cost reduction programme in the Netherlands one year ahead of schedule.

We are actively working towards cloud solutions and offshoring application platforms. This enables us to focus on our core competences.



Netherlands Insurance

- For our Dutch pension book, we further developed the SAP platform for Defined Benefits and Defined Contribution customers, leading to improved straight-through processing and making operational costs per policy significantly lower.
- NN Bank realised an 80% reduction in the mortgage application processing time, while at the same time improving customer service.
- AZL and NN Investment Partners announced the introduction of De Nationale Algemeen Pensioenfonds (APF). This initiative allows pension funds and large employers the possibility to bring together different pension provisions under one umbrella. In doing so, clients benefit from scale advantages and significantly lower costs.

International Insurance

- In Spain, a 'paperless sales process', allows agents to perform need-based analyses, prepare a quote, capture the client's ID with a camera, fill in a complete application form and finalise the insurance contract using digital and biometric signatures. This sales process has reduced new business processing costs by over 80% and will be replicated in other markets.

- In Japan, we offer an innovative video-streaming service, NN Tube, which provides training and high-quality information to our independent agents. In 2015, we launched over 100 new videos on NN Tube and invested in further usability upgrades.

Asset Management

- We upgraded our administrative support with a scalable backoffice platform. It enables us to take on additional assets under management without making additional investments. It will also provide the backbone for developing more efficient processes based on an agile way of working.

Creating value as an investor

As a long-term and active investor, NN Group is committed to investing responsibly

To provide capital and generate returns for our shareholders and customers in a responsible way, we integrate environmental, social and governance (ESG) factors into our investment and active ownership processes.

As an insurance company, we collect premiums from policyholders and aim to invest the money wisely, so we can pay future claims and benefits. We invest most of these assets, as well as our own capital (together called proprietary assets), through our asset management business, NN Investment Partners (NN IP), which also manages third-party assets. Third-party assets are those we manage for institutional and retail customers through mandates and mutual funds. To pay out claims and benefits to our customers in the best possible way, we invest in different asset classes. We also believe that value can be best achieved when environmental, social and governance (ESG) considerations are integrated into our investment processes.

ESG integration

The integration of ESG factors in the investment process is at the core of our approach to responsible investing. This is supported by the belief that it helps us to make more informed decisions and optimise the risk/return profile of the investment portfolio. NN IP's equity and fixed income analysts carry out ESG analysis as an integral part of the research process. They make use of ESG data from several data and research providers, including Sustainalytics, GMI and Bloomberg, taking into account company characteristics, developments within the sector and materiality of the issues.

To gain new insights into the relationship between ESG factors and investment returns, NN IP is working with the University of Maastricht's European Centre for Corporate Engagement (ECCE). In 2015, a first study was conducted focusing on the relationships on the equity side. Using the findings, NN IP is enhancing its investment processes.

NN Group worked on the integration of ESG factors into its own real estate portfolio, which comprises both direct and indirect investments. Responsible investment guidelines were developed, which set out the expectations of our (external) real estate managers.

Amongst others, we ask our managers to participate in the annual Global Real Estate Sustainability Benchmark (GRESB) Survey. We use the results to evaluate the sustainability of our portfolio and set long-term targets.

Active ownership

We vote at shareholder meetings because we believe that it is one of the most important rights that come with being a long-term shareholder. By exercising these rights we can support or enhance our investment rationale for a company and promote our responsible investment beliefs and principles. Voting rights are exercised on behalf of: (i) the proprietary portfolio and (ii) the Dutch, Belgian and Luxembourg funds with at least EUR 100 million assets under management. As part of the information barriers (historically known as 'Chinese Walls'), there are separate voting committees for proprietary and client assets in place.

In 2015, we exercised voting rights at 2,013 shareholder meetings worldwide. We voted on a total of 26,580 agenda items and resolutions, including 532 resolutions put forward by shareholders on environmental, social and governance issues (see chart on page 29). We supported shareholder resolutions that related to environmental and social matters in a large number of cases. We voted 'against' (or abstained from voting) when these resolutions sought additional data or policies without providing proportionate benefits to shareholders.

By engaging in a dialogue with our investee companies about their policies and activities, we aim to achieve ESG-related improvements. As an asset manager with active investment strategies, we spoke with company representatives including senior managers of nearly 1,645 companies in 2015. ESG-related risks and opportunities were often part of these discussions. We also have an in-house team that focuses specifically on ESG issues, such as climate change and human rights, that may have an impact on our customers' holdings. For more information on the topics we engaged in, refer to the Sustainability Supplement, pages 9–11.

Creating value as an investor – continued

Restrictions

NN Group's Responsible Investment (RI) Policy Framework forms the basis for our responsible investment approach. This framework is based on our values and widely recognised standards, principles and best practices, among which the United Nations Global Compact. These principles are supplemented by criteria for controversial aspects of the weapons or defence industry.

In 2015, NN Group revised and published its Defence policy. NN does not invest in companies that demonstrably have activities in the trade of arms to countries that are sanctioned by a UN, EU or US arms embargo. Companies that develop, produce, maintain or trade 'controversial weapons' are also part of our exclusion list. Weapons that we define as controversial include anti-personnel landmines, cluster munitions, depleted uranium ammunition, biological, chemical and nuclear weapons.

In our adjusted policy criteria, we sought a closer alignment to universally accepted standards and treaties, which resulted in the exclusion of additional companies due to their involvement in nuclear weapons.

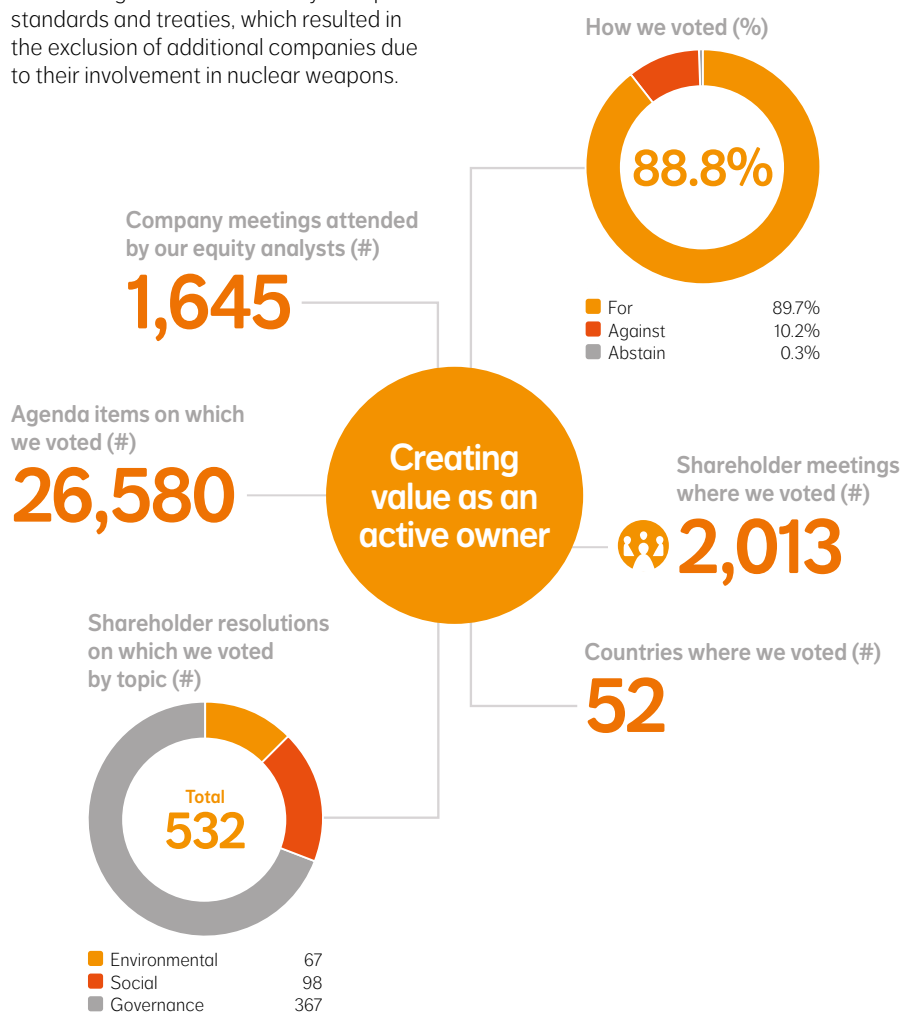
Specialised SRI funds and responsible investments solutions

By offering specialised sustainable investment products and solutions, NN IP meets our customers' growing demand for products that not only generate good financial returns, but also have a positive impact on society and the environment. assets under management in our sustainable equity and fixed income products have grown to EUR 4.5 billion by year end 2015, an increase of 11.3% compared to the prior year.

In 2015, NN IP and Dutch development bank FMO joined forces to develop a sustainable emerging markets loan fund. The fund will enable institutional investors to invest in responsible loans in emerging economies. Reporting on social and environmental outcome, notably job creation and the reduction of greenhouse gas emissions, will be an integral part of this 'impact investing' proposition.

Advocacy on responsible investment

We work with peers and global organisations such as the International Corporate Governance Network (ICGN) or Eumedion. We also contribute to the integration of ESG aspects in training for investors and students. For example, NN IP helped to develop learning materials that are part of the CFA ESG course, and initiated a masterclass at Nyenrode Business University in the Netherlands for MBA students addressing the benefits of ESG integration. We also promoted responsible investments at client events as well as conferences organised by external parties. For more information on responsible investment, refer to the Sustainability Supplement, pages 9–11.



Creating value as a listed company

We constantly strive to enhance NN Group's reputation as a solid, transparent and reliable company

NN Group became a standalone company on 2 July 2014, following an Initial Public Offering (IPO). Our shares are listed and traded on Euronext Amsterdam under the listing name NN Group – symbol NN.

Our shares are included in four stock indices: MSCI Global Standard index (since 26 November 2014), STOXX Europe 600 index and FTSEurofirst 300 index (both since 22 December 2014), and Euronext AEX index (since 23 March 2015).

The listing of NN Group on Euronext Amsterdam in 2014 increased the visibility of the company. We regularly inform the market of strategic, financial and commercial developments at NN Group. In doing so, we constantly strive to enhance NN Group's reputation as a solid, transparent and reliable company for all our stakeholders, including customers.

Sell-downs by ING

ING Group previously announced that it intends to divest its remaining stake in NN Group over time, in line with its strategy to divest all of its insurance and investment management businesses as part of the EC restructuring agreement, ultimately by the end of 2016.

In this context, ING Group sold shares of NN Group through the Initial Public Offering in July 2014 and follow-on offerings in February 2015, May 2015, September 2015 and January 2016. NN Group participated in these follow-on offerings via share buybacks from ING Group for a total amount of EUR 750 million. There was also the exchange of in total three tranches of mandatory exchangeable subordinated notes issued by ING Group to the anchor investors. Since the IPO, ING Group's stake in NN Group has been reduced to 14.1% (as of 2 February 2016).

Our dividend policy

When proposing a dividend to shareholders, NN Group takes various factors into account, including our capital position, leverage and liquidity position, and strategic considerations as well as the expected developments thereof. We intend to pay an ordinary dividend in line with our medium-term performance and envisage an ordinary dividend pay-out ratio of 40–50% of the net operating result of the ongoing business.

Development of the NN share price in 2015



Creating value as a listed company – continued

Barring unforeseen circumstances, we intend to declare an interim dividend with the disclosure of our second quarter results. Interim dividends are calculated at approximately 40% of the prior year's full-year dividend.

NN Group intends to pay dividends either in cash or ordinary shares from the share premium reserve. We intend to neutralise the dilutive effect of the stock dividend on earnings per ordinary share through the repurchase of ordinary shares, which may include a repurchase of part of ING Group's shareholding in NN Group.

Capital generated in excess of NN Group's capital ambition (which may change over time) is expected to be returned to shareholders, unless it can be used for other appropriate corporate purposes, including investments in value-creating opportunities. Excess capital will be distributed in the most appropriate and efficient form for shareholders, such as special dividends or share buy backs.

At the Annual General Meeting on 2 June 2016, a final dividend for 2015 will be proposed of EUR 1.05 per ordinary share. Together with the 2015 interim dividend of EUR 0.46 per ordinary share paid in September 2015, NN Group's total dividend for 2015 will be EUR 1.51 per ordinary share which is equivalent to a dividend pay-out ratio of around 41% of NN Group's full-year 2015 net operating result of the ongoing business.

Shareholders with 3% stakes or more

Shareholdings in Dutch listed companies of more than 3% must be notified to the Netherlands Authority for the Financial Markets (AFM). According to the AFM register, the following shareholders have an interest of more than 3% in NN Group on the notification date: ING Group (14.09% on 28 January 2016), RRJ Capital II Ltd. (5.91% on 7 July 2014), Temasek Holdings (Private) Limited (4.27% on 2 February 2016), Franklin Mutual Series Fund Inc. (3.87% on 27 May 2015), JP Morgan Asset Management Holdings Inc. (3.08% on 21 September 2015), and BlackRock Inc. (3.05% on 6 January 2016). 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.

Investor relations policy

Our investor relations policy is designed to provide current and potential shareholders and bondholders, rating agencies and research analysts with accurate and timely information concerning developments within NN Group.

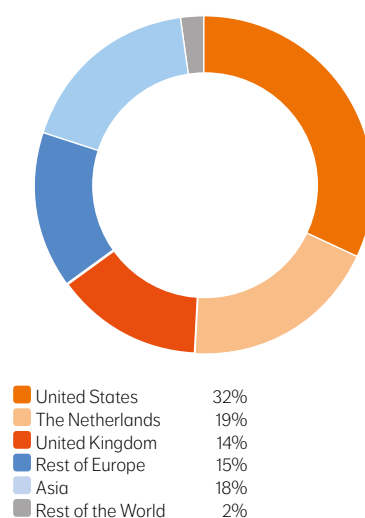
We engage in an active dialogue with all our financial stakeholders, for example by publishing press releases and the annual report and by organising meetings and one-to-one discussions with existing and potential investors.

NN Group has published its policy on investor relations and contacts with (potential) shareholders on www.nn-group.com/investors

Capital Markets Day

On 19 November 2015, we held our inaugural Capital Markets Day in The Hague. The theme of this event, which was attended by about 40 analysts and investors and viewed by over 450 people online, was 'Driving Performance Forward'. The NN Group Management Board gave an update on the strategic outlook of the company, on Solvency II, and a deep-dive into the Netherlands and International businesses.

Diverse shareholder base



Source: Nasdaq shareholder analysis as at 2 February 2016

Having a strong, diversified and professional shareholder base is critical for all stakeholders



Credit ratings are indicators of the probability of timely and full repayment of interest and the principal amount of fixed-income securities. Credit rating agencies Standard and Poor's (S&P) and Moody's periodically review NN Group's creditworthiness. The current credit ratings are:

Credit ratings

A-

Standard & Poor's: A-, stable outlook (updated on 30 September 2015)

Baa2

Moody's: Baa2, stable outlook (affirmed on 17 December 2015)

Creating value as an employer

Empowering our people to be their best

At NN Group, we want to be known for our customer care. Our employees bring our brand promise 'You matter' to life every day.

We employ a diverse group of about 11,500 talented and skilled people, and ensure we provide them with the training and development they need. We recognise performance by offering our employees competitive salaries and benefits. Above all, we work hard to create a culture based on our values, as these enable us to be the best we can be, and to continue to build and maintain trust with our stakeholders.

Activating our values

We are driven by our purpose of helping people secure their financial futures. Throughout 2015, we further embedded our values and brand promise that were launched in 2014. We did this through global employee training, team effectiveness tools and by integrating leadership development frameworks and the Employee Value Proposition (EVP). We launched the NN Values challenge across our Group, an online 'serious game' that allowed employees in each market to pit themselves against colleagues in other markets in their own language. For more information on the Values challenge, we refer to the 'Our values' section on pages 9–10 of this Annual Review.

Leadership and development

NN offers a solid professional development curriculum for specific groups, leaders and employees through various academies, at both business and Group levels. We support this with a rich e-learning suite, taking a blended learning approach where applicable. To keep up with our dynamic environment, we constantly align and update our curriculum, taking current and future needs into account.

Management teams across business units took part in leadership workshops that allowed them to work on their leadership skills in accordance with the new NN leadership model, fully aligned with our purpose and values. We also developed several new leadership programmes aimed at enhancing our focus on values-based leadership and external orientation. These include programmes for high-performing managers in their mid-career phase and a special leadership expedition for a selection of our top leaders. Each of these programmes will continue in 2016. In 2015, we spent EUR 13 million on training and development of our employees.

We continue to focus on excellent execution, supported by a strong performance management process including both financial and non-financial targets, and competence and behavioural related targets. This is done on all levels in the company and effectively linked to reward (either in development or other benefits). 87% of our employee base completed the 2014 annual appraisal cycle ending in 2015.

Recognising performance

NN Group wants to be an attractive employer with a remuneration model that is tailored to fit market circumstances. The primary objective of NN Group's remuneration policy is to retain and recruit qualified and expert leaders, senior staff and other skilled professionals. Our policy maintains a sustainable balance between short-term and long-term value creation, building on our long-term responsibility towards our customers, society and other stakeholder groups.

We offer the security of attractive overall compensation with both fixed and variable components. The latter recognises performance, regarding both the customers' interests and the company's performance. In 2015, we paid EUR 1,159 million in salaries and other benefits. For more information on remuneration, we refer to the Financial Report, pages 29–33.

For more detailed data on our human capital, refer to the Sustainability Supplement, page 14

Investment in learning
and development

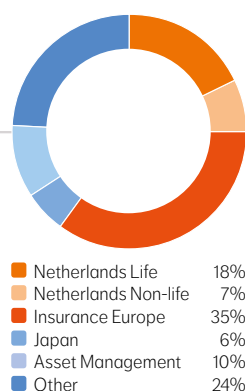
EUR 13m

**Creating
value as an
employer**

Employee salaries and benefits

EUR 1,159m

Our employee
distribution



Creating value as an employer – continued

Equal opportunity and diversity

We believe that ensuring our workforce reflects the diversity of the markets in which we operate is key to the future success of our company. We value diverse talents, personalities and expertise, and are committed to helping all employees take their career to the next level. We believe this is the optimal way to improve performance and engage employees, ultimately leading to better decision-making and innovation, and ensuring the sustainable development of our company.

NN Group is committed to creating equal opportunities for employees and ensuring compliance with applicable laws. For job vacancies, we consider all qualified applicants and we strive to keep our workplace free of any discrimination, hostility, and physical and verbal harassment regarding age, race, gender, religion, disability, and sexual orientation. Our main diversity focus is on gender, internationalisation and generation 2020.

63

Different nationalities working for NN worldwide

In 2015, 18% of our senior leaders were female and 29% had an international background. The NN Supervisory Board is made up of seven members, two of whom are female.

Vitality and well-being

At NN Group, we aspire to offer our staff a vital and healthy place to work. We pay close attention to the energy levels, mental health and physical well-being of our employees throughout their career. We believe that healthy people are not only happier, but also make better decisions, become better leaders and, in the long run, achieve greater value for our customers and our company. To this end, we offer a programme called 'Your Health Matters' in the Netherlands. In 2015 the programme focused on teaching people to manage their energy better. Awareness was created on how to balance and recharge the physical, mental and emotional batteries in order to become an energised, sustainable, high performer. Multiple masterclasses, running clinics and workshops were organised.

Employee rights and representation

How we consult with our employees depends on local legislation and culture. In some countries, employee consultation is a legal requirement and in many European countries, it is arranged through works councils.

At NN Group level, we have a Central Works Council and a European Works Council. Our European Works Council started a new term of office in February 2016. Representatives of the participating countries will be elected by local employee councils. For an overview of our Central and European Works Council members, refer to page 34 of the Financial Report.

We proactively encourage local employee participation. In the Netherlands, works councils are often actively involved at an early stage in different processes, for example with regards to restructuring plans throughout the various businesses. Social policy topics are frequently discussed in meetings with the works councils and management. Our dialogue with the works councils accommodates collective interests and facilitates the sharing of information and indirect participation by all employees.

In addition, the majority of NN Group's employees are covered by a collective labour agreement (CLA) or locally agreed policies (in compliance with NN policies). In the Netherlands, this figure is 99%. We are currently in the process of co-creating a new CLA, together with our employees, works council and trade unions. The key themes in this new CLA are employability and mobility.

Restructuring

The original target to reduce administrative expenses in the Netherlands by EUR 200 million, was realised one year ahead of schedule. NN Group will continue its focus on efficiency in all segments, especially in the Netherlands. To guide our people through these often challenging processes, we provide employees with training, coaching and consulting.

Growing engagement levels

The results of the yearly engagement survey (YES) showed a seven-point rise (from 66% to 73%) in engagement compared to the 2014 survey. Perceptions of how we are living our values and brand are encouraging, with 85% of respondents providing positive feedback. Employees rate their own teams and jobs particularly high. NN redesigned its engagement survey so that it provides us with information on how our brand and values are experienced internally, how our leaders live up to the high standards we set and how we fulfil our employee value proposition as an organisation. Of our employees, 84% took part in the survey, providing us with robust and reliable data to analyse and on which to act.

73%

Engagement level in 2015, an increase of 7 points compared to 2014

Awards

In 2015, various businesses received employer awards. In Spain, Nationale-Nederlanden was awarded the 'IN Award 2015' for employer branding by LinkedIn. In the Greek market, NN Hellas was in the top three of 'Best Workplaces 2015'.

Creating value as a corporate citizen

How we contribute to the societies in which we operate

At NN Group, we aim to be a good corporate citizen by using our resources, expertise and reach to help societies achieve long-term sustainable prosperity.

We contribute to society at large by purchasing products and services from suppliers, and by paying taxes to the governments of the markets where we operate.

Furthermore, we invest in our local communities through donations and volunteering.

Sustainable supplier management

With an annual spend in 2015 of EUR 964 million, our procurement activities support our business strategy while working with around 8,000 suppliers. A substantial part of this investment goes towards IT, Facility Management, Real Estate and Professional Services. For many of our partners, we are a relevant client and an important source of income. By encouraging suppliers to share our standards and work towards continuous improvement, we believe we can drive different sustainability aspects through our supply chain.

In our dealings with suppliers throughout 2015, our procurement department focused even more on sustainable and professional relationships in the supply chain via contract and vendor management. Our relationship with suppliers is based on cooperation and trust, and we aim to work together in a mutually beneficial way. Proper governance with the supplier, based on a segmentation of suppliers, supports this.

The procurement policy was further implemented and communicated to all relevant stakeholders in the countries where we operate. In addition to including a separate chapter on sustainability, the policy pays more attention to supplier qualification, awareness of conflicts of interest, security measures and risk mitigation. All vendors, including around 400 suppliers with a spend of more than EUR 10,000 a year each, were assessed via the supplier qualification process. In 2015, our risk assessment was further improved to better determine sustainability risks for NN within our segmentation analysis.

In 2015, procurement employees were trained in implementing sustainability initiatives in the supply chain and integrating them into procurement category plans. Besides these initiatives, Procurement also contributed to the new Code of conduct.

Managing our environmental footprint

As reflected in our values, we take our responsibility for the environment seriously. 'We care' means that we respect each other and the world we live in. That is why NN Group avoids or responsibly manages any negative impact our business activities may have on people or the environment, and seeks positive change in society.

In 2015, we continued to effectively manage our direct environmental footprint by efficient use of natural resources, identifying and implementing green alternatives and ultimately compensating for the remainder of our carbon footprint. Our sustainability initiatives continue to focus on energy and business travel efficiency, and paper use reduction. We also encourage the recycling of materials inside our office buildings.

Despite the energy efficiency measures and adjustments in our business travel policy, we realised a 13% increase in CO₂ emissions. We continued to offset the remainder of our emissions through the purchase of voluntary carbon units. As a result, we achieved carbon neutrality over 2015. For more information, refer to the Sustainability Supplement, page 12.

Tax strategy and policy

Tax has become a key focus area for governments, regulators and civil society. Companies are expected to clarify their views on responsible tax behaviour. At NN Group, we believe that a responsible tax approach is an essential part of good corporate 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.

As an employer of about 11,500 people, we create career and job opportunities.

Creating value as a corporate citizen – continued

In this role, and besides the corporate income tax we pay, NN Group contributes to many other taxes, such as employee wage tax, social security premiums on employee wages, insurance premium tax and value added taxes (VAT). All these taxes provide revenue for governments to fund public services in the markets where we operate.

Being a responsible taxpayer means that our tax planning takes long-term considerations into account and carefully weighs all stakeholder interests. As such, we believe it is essential to have a set of guiding principles. In 2015, we published the essence of our tax principles on our corporate website.

Transparency is a key element in our tax principles. We aim to disclose all relevant facts and circumstances to our local authorities. In the Netherlands, for example, this is embedded in a 'horizontal monitoring' approach. By engaging in a proactive manner with tax authorities, we aim to achieve clarity and upfront certainty around tax matters.

NN Group also provides information about the income tax charge by country in the company's financial statements. Although the requirements for country-by-country reporting for our industry are still under development, we provide additional information by country in the Financial Report, Note 33.

Disclosure on tax

The income tax charge of EUR 166 million in 2015 represents an effective income tax rate of 9.4% (2014: 17.7%). The lower effective tax rate in 2015 reflects higher tax exempt dividends and capital gains mainly in the Netherlands, and the recognition of deferred tax assets for previously incurred unused tax losses. More information about the effective tax rate can be found in the Financial Report, Note 34.

EUR 1.5m

donated to charitable organisations

7,433 hours

volunteered by our employees
in community projects

Income tax paid in 2015 amounted to EUR 39 million (2014: EUR 89 million). These amounts are reflected in the Consolidated statement of cash flows in the Financial Report.

Community investment

At NN Group, we aim to be a positive force in the lives of our customers. We believe this also includes contributing to the well-being of society at large and supporting the communities in which we operate. This ambition is reflected in our community investment programme 'Future Matters', launched in 2014 and now fully implemented in the majority of our business units. Through our community investment activities, we connect with our employees, customers and business partners. With our expertise, time, and broad outreach, we aim to address societal needs and positively impact the communities where we live and work.

NN Future Matters' goal is to improve the financial well-being of people in the markets where we operate by helping them grow their economic opportunities, so they are better able to realise their dreams and overcome possible adversity. Our Future Matters programme specifically targets 10–25 year-olds and underserved groups. The programme achieves its objectives by focusing on themes that are in line with NN's purpose, our employees' skills and where we believe we can make the biggest difference. In 2015, 58% of total charitable contributions went to charitable causes in the three target areas of our Future Matters programme.

Promoting financial empowerment

Improving knowledge about personal finance enables people of all ages to manage their financial lives with confidence. In 2015, we started projects that create awareness, foster knowledge and insight, and build financial skills. Responsible financial behaviour is developed at an early age, so many of our initiatives are focussed on youngsters. We help them learn about money – how to save, how to wisely spend – and teach them about the relevance of insurance. A good example is 'Money Week', an initiative backed by the Dutch Ministry of Finance during which NN employees gave 81 guest lectures in primary schools.

Creating economic opportunities

Alongside building their financial capabilities, we want to help people shape their futures, reach their full potential and grow their opportunities to generate income. In Europe, too many young people drop out of formal education or lack specific skill sets needed in the current economy.

NN aims to help prepare these young people for the job market by donating a variety of our resources – time, human and financial. We aim to teach them valuable skills so that they may increase their employment opportunities in the future.

In partnership with Junior Achievement (JA) Europe, our volunteers mentor young people to develop entrepreneurial skills. In 2015, the Social Innovation Relay took place as a flagship programme of the NN Group and JA partnership.

To provide talented and ambitious students with the financial means to take their future into their own hands, we introduced the NN Future Matters scholarships in 2015. These scholarships enable selected students to follow Master's Programmes in the Netherlands in the field of finance, risk and/or economics. The students, who are the first in their family to study at an academic level, are coached by our senior managers and receive valuable insight into a variety of business and work environments.

Alleviating financial distress

In addition to empowering people to prepare themselves economically and financially, we support them in overcoming adversity when life takes unexpected turns. Formal social support services are sometimes unable to fully reach out to people in financial need. NN helps bridge this gap by raising funds for a number of local charities that focus on families with children that live in challenging financial circumstances.

To support this goal, and to celebrate the first anniversary of NN Future Matters, in 2015 we made extra donations that totalled EUR 100,000 to local charities in ten markets where we operate. For more information on how NN Future Matters contributes to improving people's financial well-being, including examples of local activities, refer to the Sustainability Supplement, page 8.

Next to the community investment themes under the NN Future Matters umbrella, our business units and corporate foundations support a wide range of local initiatives in the areas of, for example, health and the environment. The success of these initiatives is not just measured in cash and in-kind donations, but also in the active involvement of our employees as volunteers.

For more information on community investment, refer to the Sustainability Supplement, pages 7–8.

Governance and compliance

NN Group operates under a two-tier board system

NN Group N.V. is a public limited liability company ('naamloze vennootschap') incorporated under the laws of the Netherlands. It has a two-tier board structure consisting of an Executive Board and a Supervisory Board. The company also has a Management Board.

The organisation, duties and working methods of the Executive Board, Management Board and Supervisory Board are detailed in charters of these Boards. The charters are available for download on our corporate website.

24 years

average experience in the financial services industry of an NN Group Management Board member

Supervisory Board

refer to the Report of the Supervisory Board, Financial Report, for more information

The Supervisory Board is responsible for advising and supervising the Executive Board, the general course of affairs of NN Group and the businesses connected with it.



Executive Board

The Executive Board is entrusted with the management, the strategy and the operations of NN Group. It is comprised of Lard Friese, chair and chief executive officer, and Delfin Rueda, vice-chair and chief financial officer.

Management Board

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

For more information about Corporate Governance, refer to the Corporate Governance chapter in the Financial Report.

Compliance with relevant codes

Dutch Corporate Governance Code

As a Dutch listed company NN Group must adhere to the Dutch Corporate Governance Code. NN Group endorses the Code and strongly supports its principles for sound and responsible corporate governance. NN Group considers the principles and best practices of the Code a useful and efficient guide that contributes to NN Group's effort to carefully take into account the interests of its stakeholders. The Code also supports transparency in decision-making and helps strengthen the principles of good governance. NN Group annually publishes a booklet on its application of the Dutch Corporate Governance Code. The booklet is available for download on our corporate website.

NN Group Compliance Charter & Framework

NN Group is committed to the preservation of its reputation and integrity through compliance with applicable laws, regulations and ethical standards in each of the markets in which it operates. All employees are expected to adhere to these laws, regulations and ethical standards, and management is responsible for ensuring such compliance. Compliance is therefore an essential ingredient of good corporate governance. The purpose of the NN Group Compliance Charter & Framework, which was renewed in June 2015, is to help businesses to effectively manage their compliance risks. The document is available for download on our corporate website.

Our Management Board

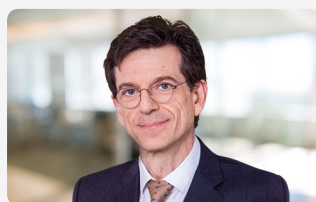
The Management Board is entrusted with the day-to-day management and the overall strategic direction of NN Group. Its members on average have about 24 years of experience and had significant and varied roles in the financial services industry.

Executive Board



Lard Friese (1962)
Dutch
Chief Executive Officer

Lard Friese was appointed as member and vice-chair of the Executive Board on 1 March 2014 and as Chief Executive Officer (CEO) and chair of the Management Board and Executive Board on 7 July 2014. Lard is responsible for the strategy, performance and day-to-day operations of NN. He has been employed by ING/NN since 2008 and brings 26 years' experience in the financial services industry, most recently with NN Insurance Eurasia and Nationale-Nederlanden.



Delfin Rueda (1964)
Spanish
Chief Financial Officer

Delfin Rueda was appointed to the Executive Board as Chief Financial Officer on 1 March 2014 and as member of the Management Board on 7 July 2014. Delfin is responsible for NN's finance departments and investor relations. He brings 22 years of experience in the financial services industry. Prior to joining ING in 2012, he was Chief Financial and Risk Officer and member of the Management Board at Atradius. He also held leadership positions at J.P. Morgan, UBS and Andersen Consulting.



David Knibbe (1971)
Dutch
Chief Executive Officer
Netherlands Insurance

David Knibbe was appointed to the Management Board on 7 July 2014. From 1 September 2014, he was appointed Chief Executive Officer of Netherlands Insurance. In this role, David is responsible for NN's insurance and banking business in the Netherlands. He is also responsible for IT globally. He brings 18 years' experience in the financial services industry and is chair of the Dutch Association of Insurers.



Dorothee van Vredenburg (1964) Dutch
Chief Change and
Organisation

Dorothee van Vredenburg was appointed to the Management Board as Chief Change and Organisation (CCO) on 7 July 2014. Dorothee is responsible for NN's human resources, communications and sustainability. She joined ING/NN in 2009 as managing director of Corporate Communications and Affairs of ING Group. She brings 26 years' experience in the financial services industry starting as an investment banker, and held leadership positions at amongst others Citigate First Financial.



Doug Caldwell (1969)
American
Chief Risk Officer

Doug Caldwell was appointed to the Management Board as Chief Risk Officer on 7 July 2014. Doug is responsible for NN's overall risk framework with direct responsibility for the risk management departments. He joined ING/NN in 1999 and brings 24 years' experience in the financial services industry, most recently with ING Insurance Asia Pacific. He also held leadership positions at NN Re, ING Group and ING Insurance US.



Robin Spencer (1970)
British
Chief Executive Officer
International Insurance

Robin Spencer was appointed to the Management Board on 1 August 2014 and as Chief Executive Officer International Insurance on 1 September 2014. He is responsible for NN's Insurance Europe, Japan Life, Japan Closed Block VA and NN Re businesses. Robin was previously Chief Executive Officer of Aviva UK & Ireland General Insurance. He has over 19 years' experience in the insurance industry across life, non-life and asset management in the UK and internationally.



Stan Beckers (1952)
Belgian
Chief Executive Officer
NN Investment Partners

Stan Beckers was appointed to the Management Board as Chief Executive Officer NN Investment Partners on 7 July 2014. Stan is responsible for NN's asset management business. Over the past 25 years, he also has been a member of the Investment Committees at several pension funds and of the Supervisory Board at KAS Bank, Robeco, Econowearth and St Lawrence Trading Inc. Stan is also a visiting professor at KU Leuven.

Facts and figures

Consolidated balance sheet

As of 31 December 2015

Amounts in millions of euros, unless stated otherwise

	2015	2014
Assets		
Cash and cash equivalents	7,436	7,530
Financial assets at fair value through profit or loss:		
– trading assets		628
– investments for risk of policyholders	35,154	41,222
– non-trading derivatives	4,656	7,207
– designated as at fair value through profit or loss	443	492
Available-for-sale investments	74,393	72,277
Loans	31,013	27,802
Reinsurance contracts	236	241
Associates and joint ventures	2,197	1,617
Real estate investments	1,564	1,104
Property and equipment	86	139
Intangible assets	351	357
Deferred acquisition costs	1,531	1,403
Other assets	3,092	3,462
Total assets	162,152	165,481
Equity		
Shareholders' equity (parent)	20,469	20,355
Minority interests	9	76
Undated subordinated notes	986	986
Total equity	21,464	21,417
Liabilities		
Subordinated debt	2,290	2,297
Debt securities issued	597	
Other borrowed funds	6,785	5,867
Insurance and investment contracts	115,984	119,237
Customer deposits and other funds on deposit	8,034	6,981
Financial liabilities at fair value through profit or loss:		
– non-trading derivatives	1,701	3,142
Other liabilities	5,297	6,540
Total liabilities	140,688	144,064
Total equity and liabilities	162,152	165,481

Facts and figures – continued

Consolidated profit and loss account

For the year ended 31 December 2015

	2015	2014
Continuing operations		
Gross premium income	9,205	9,340
Investment income	4,058	3,510
Result on disposals of group companies	14	1
– gross fee and commission income	1,015	1,039
– fee and commission expenses	-371	-339
Net fee and commission income:	644	700
Valuation results on non-trading derivatives	-313	-528
Foreign currency results and net trading income	120	277
Share of result from associates and joint ventures	221	186
Other income	46	59
Total income	13,995	13,545
– gross underwriting expenditure	10,843	15,861
– investment result for risk of policyholders	-1,099	-5,949
– reinsurance recoveries	-81	-90
Underwriting expenditure:	9,663	9,822
Intangible amortisation and other impairments	9	15
Staff expenses	1,172	1,736
Interest expenses	614	436
Other operating expenses	776	774
Total expenses	12,234	12,783
Result before tax from continuing operations	1,761	762
Taxation	166	135
Net result from continuing operations	1,595	627
Discontinued operations		
Net result from discontinued operations		10
Net result from disposal of discontinued operations		-26
Total net result from discontinued operations	0	-16
Net result from continuing and discontinued operations (before attribution to minority interests)	1,595	611

Facts and figures – continued

Financial and non-financial indicators

Financial indicators (in EUR million)

	2015	2014	Change	2013
Operating result ongoing business	1,435	1,086	32%	905
Net result (after attribution minority interest)	1,565	588	166%	322
Net operating ROE	10.8%	8.6%		8.9%
IGD Solvency I ratio ¹	320%	300%		
Solvency II ratio ¹	239%			
Value of new business	202	178	13%	
Assets under Management (end of period, in EUR billion) ²	187	195	-4.2%	174
Dividend proposal (per ordinary share, in EUR)	1.51	0.57		n.a.
NN Group share price (COB 31 December 2015, in EUR)	32.55	24.85		n.a.

Customer-related indicators (in EUR million)

	2015	2014	Change	2013
Total claims and benefits paid	14,225	11,982	19%	12,653
New sales life insurance (APE)	1,295	1,315	-2%	1,227
Gross premium income	9,205	9,340	-1%	9,530
Customer satisfaction and loyalty				
Insurance business units using NPS	100%	85%		85%
Insurance business units scoring on/above market average	95%	70%		n.a.
Countries offering tools improving financial decision-making (#)	13	13		12

Sustainability indicators (in EUR million)

	2015	2014	Change	2013
Sustainable Assets under Management (end of period)	4,509	4,052	11.3%	3,442
as part of total Assets under Management	2.4%	2.2%		2.0%
Employee engagement score	73%	66%		67%
Participation in engagement survey	84%	62%		82%
Total donations to charitable organisations (x EUR 1,000)	1,500	1,072	40%	1,172

¹ The solvency ratios are not final until filed with the regulators. Solvency II ratio is based on the Partial Internal Model.

² Assets under Management include the mortgage portfolio managed on behalf of NN Life and NN Non-life since 2Q14. The comparative figures have been restated accordingly.

For more non-financial indicators, refer to the performance data table in the Sustainability Supplement, pages 13–15.

Glossary

App (AR: p. 12, 15–16, 24, 26; SS: p. 7)

An application; typically a small, specialised programme downloaded onto mobile devices to support NN Group's ability to provide a quick, easy, confidential customer experience across digital channels.

Brand awareness (AR: p. 8–10)

The extent to which consumers are familiar with the distinctive qualities or image of NN; the recognisability of the NN Brand in the general public.

Carbon footprint (SS: p. 4, 9, 10, 12)

The total amount of greenhouse gases produced to directly and indirectly support ongoing activities, usually expressed in equivalent tons of carbon dioxide (CO₂).

Carbon neutrality (AR: p. 34; SS: p. 12)

Achieving net zero carbon emissions by balancing a measured amount of carbon released with an equivalent amount sequestered or offset, or buying enough carbon credits to make up the difference.

Central Works Council (AR: p. 33)

The Central Works Council (CWC) is an entity required by the Dutch Works Council Act of 2013. It is a standing works council formed by representatives from eight Dutch work councils. The CWC is informed or consulted about important NN Group developments in the Netherlands and international developments to the extent that Dutch interests are influenced.

Community investment (AR: p. 35; SS: p. 8)

Activities that are focused on making a positive contribution to communities, including investments in education programmes and partnerships that aim to bring sustainable developments.

Corporate governance (AR: p. 36; SS: p. 9, 10)

The way in which a company is governed and how it deals with the various interests of its customers, shareholders, employees, business partners and society at large.

Credit rating (AR: p. 4, 11, 31)

Credit ratings, as assigned by rating agencies (such as Standard & Poor's and Moody's), are indicators of the likelihood of timely and complete repayment of interest and instalments of fixed income securities.

Customer policy (AR: p. 3)

Contract-document issued to customers of individual insurance products or participants of group products.

Data privacy (AR: p. 16, 24)

Data privacy, also called data protection or information privacy, is the aspect of information technology that deals with the ability of NN Group to protect the personal data of its customers and other stakeholders.

Defence policy (AR: p. 29; SS: p. 4, 6)

NN Group's Defence policy outlines the criteria for controversial aspects related to the weapons or defence industry and how NN Group applies restrictions within its organisation globally.

Diversity and inclusion (AR: p. 33)

NN Groups approach to diversity includes hiring people of various race, ethnicity, gender, age, sexual orientation, physical abilities and personal philosophies, as well as creating an inclusive culture and diversity of thought – one that welcomes, acknowledges, respects, challenges and benefits from our differences.

Emerging (market) economies (AR: p. 29)

An emerging market economy describes a nation's economy that is progressing toward becoming more advanced, usually by means of rapid growth and industrialisation. These countries experience an expanding role both in the world economy and on the political frontier.

Employee benefits (AR: p. 22, 32, 43; FR: p. 4, 21, 51)

All forms of consideration given by NN Group in exchange for service rendered by employees or for the termination of employment.

Employee engagement (AR: p. 4, 10, 12, 21, 33; SS: p. 4)

Employee engagement is a property of the relationship between an organisation and its employees, measured by NN Group through such means as the Pulse and YES employee surveys.

Employee Value Proposition (AR: p. 9, 32, 33)

The Employee Value Proposition (EVP) represents what our employees experience and benefit of during their employment period within NN and what we expect from them. It is the rational and emotional articulation of the tangible benefits employees receive as a result of working for the NN Group. The EVP highlights the attractive factors in NN for the labour market.

Environmental footprint (AR: p. 34; SS: p. 3, 4, 9, 12, 15, 16, 20)

The effect that NN Group has on the environment, for example the amount of natural resources used and the amount of waste produced in normal operations.

Environmental, social and governance (ESG) factors (AR: p. 20, 22, 26, 28, 29; SS: p. 4, 5, 6, 9–11, 18)

ESG factors are a subset of non-financial performance indicators which include sustainable, ethical and corporate governance issues such as managing the company's carbon footprint and ensuring there are systems in place to ensure accountability.

Euronext Amsterdam (AR: p. 22, 30)

A conglomerate of the former entities: Amsterdam Stock Exchange, Brussels Stock Exchange and Paris Stock Exchange. Located in Amsterdam, the Netherlands.

European Works Council (AR: p. 33)

The European Works Council (EWC) is a standing works council body as required by the 2009 European Works Council Directive 2009/38 of the European Commission. The EWC is formed by chosen employee representatives of all eleven European countries where NN Group is active. EWC-members are informed about 'transnational' matters twice a year.

Financial sector oath or promise (AR: p. 3, 9)

Ethics statement introduced in early 2013 for employees in the Dutch financial sector, along with the introduction of a social charter and update of the Banking Code. The oath or promise applies not only to employees of banks but also to employees of other financial enterprises, including insurance companies, investment firms and financial service providers. By taking the oath or promise, employees proclaim that they are bound by the Code of conduct attached to the oath or promise for the ethical and careful practice of their profession.

FinTech (AR: p. 16)

A line of business based on using software to provide financial services. Financial technology companies are generally providers of new solutions which demonstrate an incremental or radical innovation development of applications, processes, products or business models in the financial services industry.

Glossary – continued

Global Real Estate Sustainability Benchmark (GRESB) (AR: p. 28; SS: p. 5, 10)

GRESB is an industry-driven organisation committed to assessing the sustainability performance of real assets globally, including real estate portfolios. On behalf of more than 50 institutional investors, GRESB Real Estate has assessed almost 1,000 property companies and funds globally.

Global Reporting Initiative (GRI) (AR: p. 13; SS: p. 16, 17)

The Global Reporting Initiative is an international independent standards organisation that helps businesses, governments and other organisations understand and communicate their impacts on issues such as climate change, human rights and corruption.

Green alternatives (AR: p. 20, 34; SS: p. 4, 12)

Choices that NN Group makes with regards to energy, resource use and waste management that serve to protect the environment more so than traditional options.

Green Star (SS: p. 10)

Green Star is a qualification that refers to top-quadrant performance in the scoring matrix of the GRESB Real Estate Assessment. The overall GRESB score is divided into two dimensions: Management & Policy and Implementation & Measurement. Participants with a score that is equal or larger than 50 on both dimensions, are Green Stars.

Information barriers (AR: p. 28)

The ethical barriers between different divisions of a financial (or other) institution to avoid conflict of interest. Also historically known as 'Chinese Walls'.

Initial Public Offering (IPO) (AR: p. 3, 4, 11, 30–31)

An Initial Public Offering (IPO) refers to the public offering of a company's shares for sale for the first time on a stock exchange, or when a parent firm makes a subsidiary public through a (partial) sell-off of its shares. NN Group had its IPO on 2 July 2014.

Institutional investors (AR: p. 6, 29; SS: p. 6, 7, 9, 11)

Entities which pool money to purchase securities, real property and other investment assets or originate loans. Institutional investors include banks, insurance companies, pension funds, hedge funds, investment advisors and endowments.

Integrated reporting (AR: p. 21; SS: p. 3, 10, 16)

A process founded on integrated thinking that results in a periodic integrated report by NN Group about value creation over time and related communications regarding aspects of value creation.

International Integrated Reporting Council (IIRC) (AR: p. 21; SS: p. 3, 10)

A global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. The coalition is promoting communication about value creation as the next step in the evolution of corporate reporting.

Interstate conflicts (AR: p. 14)

A conflict situation which occurs between two or more states is considered to be an interstate conflict. It is these instances of conflict for which the contemporary international system, as represented in the operations of the United Nations, was originally designed to address.

Junior Achievement Europe (AR: p. 35; SS: p. 8)

Junior Achievement Europe is Europe's largest provider of education programmes for entrepreneurship, work readiness and financial literacy, reaching 3.5 million students in 39 countries in 2015.

KiFiD (AR: p. 17; FR: p. 133)

The Dutch institute for consumer complaints about the financial services industry (Klachteninstituut Financiële Dienstverlening). It mediates in disputes between consumers and banks, insurers, brokers and other financial service providers. Mediation occurs by the public advocate (Ombudsman) or through a (usually) binding advice of the Disputes Committee or the Appeals Committee.

Legacy IT system (AR: p. 16, 23)

An IT system that is not up to date or obsolete and often does not comply with the latest industry standards.

Longevity (AR: p. 15, 23)

Length or duration of life.

Materiality matrix (AR: p. 13, 14; SS: p. 16)

The materiality matrix presents the developments and topics which are important to our business and the relevance of these to our external stakeholders.

Net Promoter Score (AR: p. 4, 8, 12, 24)

A management tool that can be used to gauge the loyalty of a firm's customer relationships. It serves as an alternative to traditional customer satisfaction research.

NGO (Non-Governmental Organisation) (AR: p. 1, 13, 44)

An organisation that is neither a part of a government nor a conventional for-profit business. Usually set up by citizens, NGOs may be funded by governments, foundations, businesses, or private persons.

NN Future Matters (AR: p. 12, 35; SS: p. 4, 6, 8, 14, 18)

Future Matters is the global community investment programme for NN Group. It aims to empower people in the markets where we operate to improve their financial well-being, and to support them in growing their economic opportunities, so they can realise their dreams and overcome adversity.

NN Group Compliance Charter & Framework (AR: p. 36)

A policy set in place by NN Group to help businesses to effectively manage their compliance risks.

OECD (AR: p. 34)

Organisation for Economic Co-operation and Development.

OECD Guidelines for Multinational Enterprises (AR: p. 34)

The OECD Guidelines for Multinational Enterprises are a government-backed international corporate accountability mechanism aimed at encouraging responsible business behaviour around the world.

Ordinary share (AR: p. 3, 31, 40)

An equity instrument that is subordinated to all other classes of equity instruments. Ordinary shares participate in the net profit for the financial year after other types of shares such as preference shares.

Glossary – continued

Partial Internal Model (AR: p. 3, 4, 11, 17, 40)

A method of calculating the Solvency Capital Requirement (SCR) that combines a standard formula and an approved, internally developed internal model. NN Group's Partial Internal Model was approved by the Dutch regulator (DNB) in December 2015.

Policy House (AR: p. 9)

Set up to provide NN Group with an easily accessible and coherent policy framework that sets clear criteria for issuing consistent policy documents. It consists of governance documents and supporting materials and business units have the possibility to voluntarily upload their local policies, guidelines and templates.

Product Approval and Redesign Process (PARP) (AR: p. 26)

The Product Approval and Redesign Process (PARP) refers to the assessment of a product in relation to its customer suitability, financial and non-financial risks and profitability. The PARP is conducted when NN Group introduces a new product, changes the characteristics of an existing product or reviews a product. This is to ensure that our products are acceptable for our company, our customers and our society in general.

Pulse Survey (AR: p. 10, 41)

A short version of the yearly YES survey, NN Group's yearly employee engagement survey. It was last conducted internally by NN Group in May 2014 with the goal of evaluating how our strategy, values and brand were impacting people throughout the organisation.

Remuneration (AR: p. 32; FR: p. 31–36)

Reward to NN Group's employees in the form of salary or compensation, either fixed or variable, including benefits.

Report of the Executive Board

The NN Group N.V. 2015 Report of the Executive Board (Bestuursverslag), as referred to in section 2:391 of the Dutch Civil Code. Specific chapters to be mentioned in this matter are the Annual Review and the following chapters in the Financial Report: the Financial Developments, the Report of the Supervisory Board, Corporate Governance, the Remuneration Report and the Report of the Executive Board on internal control over financial reporting.

Responsible Investment (RI)

Policy Framework (AR: p. 19, 28, 29; SS: p. 5, 6, 9–11, 13, 16, 18, 19, 20)

The Responsible Investment (RI) Policy Framework sets out NN Group's vision, approach and key principles on responsible investment. NN Group defines RI as the systematic integration of relevant ESG factors into its investment decision-making and active ownership practices.

Retail investors (AR: p. 6, 8)

An individual who purchases securities for his or her own personal account rather than for an organisation.

Social Innovation Relay (AR: p. 35; SS: p. 8, 14)

The Social Innovation Relay is an initiative of Junior Achievement supported by NN Group. It works to inspire secondary school students to develop innovative business concepts that address social challenges.

Socially Responsible Investment (SRI) funds (AR: p. 29; SS: p. 9, 11)

Socially Responsible Investment (SRI) funds are specialised sustainable investment products which cater to the increasing demand for products that not only generate good financial returns, but are also good for society and the environment.

Solvency II ratio (AR: p. 4, 11, 17, 21, 40)

Measurement of NN Group's capital position, calculated as the ratio of Own Funds (OF) to the Solvency Capital Requirement (SCR) based on NN Group's approved Partial Internal Model.

Stakeholders (AR: p. 1, 3, 4, 7, 9, 12, 13, 18, 21–23, 30–32, 34, 36, 44; SS: p. 3, 6, 9, 16, 17, 18, 21)

An individual, group, organisation, member or system who affects or can be affected by and organisation's actions. In sustainable business models the term includes financial shareholders as well as those affected by environmental or social factors.

Sustainable Assets under Management (AR: p. 4, 21, 40; SS: p. 4, 13, 18, 20)

Sustainable Assets under Management are assets that are managed with a specific focus on sustainability. This includes our Socially Responsible Investing (SRI) funds and mandates.

United Nations Global Compact (AR: p. 29; SS: p. 5, 19, 20)

The United Nations Global Compact is an initiative of the United Nations to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. It is a principle-based framework for business, stating ten principles in the areas of human rights, labour, environment and anti-corruption.

Value creation model (AR: p. 22)

An operating model which focuses on how NN Group can create revenue which exceeds expenses which results in a profit, or value, to the stakeholders.

YES (AR: p. 10, 33)

The Yearly Engagement Survey (YES) is designed as a questionnaire measuring how NN Group's brand and values are experienced by our employees, how our leaders live up to the high standards we set and how we fulfil our employee value proposition as an organisation. The results reflect employee engagement expressed as a percentage score.

Contact and legal information

This report is available as a pdf file on
www.nn-group.com/annual-report

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For further information on NN Group's strategy, policies
and performance, visit www.nn-group.com

We welcome input from our stakeholders. If you would like
to provide us with feedback, please feel free to contact us
via external.communications@nn-group.com

Disclaimer

NN Group's 2015 Annual Report consists of three documents:
the 2015 Annual Review, the 2015 Financial Report and the
2015 Sustainability Supplement.

Certain of the statements in this 2015 Annual Report are not
historical facts, including, without limitation, certain statements
made of future expectations and other forward-looking statements
that are based on management's current views and assumptions
and involve known and unknown risks and uncertainties that could
cause actual results, performance or events to differ materially
from those expressed or implied in such statements. Actual results,
performance or events may differ materially from those in such
statements due to, without limitation: (1) changes in general
economic conditions, in particular economic conditions in NN
Group's core markets, (2) changes in performance of financial
markets, including developing markets, (3) consequences of a
potential (partial) break-up of the euro, (4) the implementation
of the EC Restructuring Plan, (5) changes in the availability of,
and costs associated with, sources of liquidity as well as conditions
in the credit markets generally, (6) the frequency and severity of
insured loss events, (7) changes affecting mortality and morbidity
levels and trends, (8) changes affecting persistency levels,
(9) changes affecting interest rate levels, (10) changes affecting
currency exchange rates, (11) changes in investor, customer and
policyholder behaviour, (12) changes in general competitive factors,
(13) changes in laws and regulations, (14) changes in the policies
of governments and/or regulatory authorities, (15) conclusions with
regard to accounting assumptions and methodologies, (16) changes
in ownership that could affect the future availability to us of net
operating loss, net capital and built-in loss carry forwards, (17)
changes in credit and financial strength ratings, (18) NN Group's
ability to achieve projected operational synergies and (19) the
other risks and uncertainties detailed in the Risk Factors section
contained in recent public disclosures made by NN Group and/or
related to NN Group.

Any forward-looking statements made by or on behalf of NN Group
in this Annual Report speak only as of the date they are made, and,
NN Group assumes no obligation to publicly update or revise any
forward-looking statements, whether as a result of new information
or for any other reason. This document does not constitute an offer
to sell, or a solicitation of an offer to buy, any securities.

NN Group's 2015 Sustainability Supplement provides additional
information with regards to our strategy, objectives and
achievements related to the social, ethical and environmental
aspects of our businesses. It is especially aimed at shareholders,
rating agencies and NGOs. Nothing in this document is intended
to extend or amend NN Group's existing obligations to our clients,
shareholders or other stakeholders. All NN Group policies,
procedures, guidelines, statements or anything similar that have
been mentioned in the Sustainability Supplement are intended for
internal guidance purposes only and are not intended to be relied
upon by any third party.

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