Our strategy – How we create value

How we create value

We aim to create long-term value for our stakeholders. This simplified version of our business model shows how we use the resources (‘capitals’) in our organisation to create value as a result of our activities or outputs.

Our key inputs

Financial capital
Including debt, equity, revenue and assets invested by clients

- Shareholders’ equity
  EUR 36.7bn
- Gross premium income
  EUR 13.8bn
- Assets under Management
  EUR 300bn

Human capital
Employees’ skills, time and resources

- Total number of employees
  15,118
- Amount spent on training and development
  EUR 12.9m

Intellectual capital
Internal processes, systems and controls

Manufactured capital
Company’s products, offices and other physical assets

Natural capital
Use of natural resources

- Total energy used
  33,000 MWh (of which 72% of the electricity used was renewable)

Social and Relationship capital
Relations with customers and other stakeholders

- Customers
  Around 18m
- Business partners and suppliers
- Other key stakeholders, i.e. regulators
Our strategy – How we create value continued

Our value creation model is based on the framework developed by the International Integrated Reporting Council (IIRC). It is built around ‘capitals’ – stocks of value that may be either increased or decreased through a company’s business activities or outputs. In the way we do business, we see customers as the starting point of everything we do. We develop and appropriately price financial products and services which meet the needs of our customers through each phase of their lives. We aim to be where our customers want us to be, and distribute our products and services through many channels, including intermediaries, brokers, tied agents, banks and financial advisors, as well as directly online. We receive fees, premiums and deposits from customers for the products and services provided. We invest this money prudently and responsibly. The returns earned on these investments are used to pay out pensions, claims, other benefits and interest. The remaining capital is deployed for investments in growth initiatives, managing debt and delivering capital returns to our shareholders.

The value we created in 2020

**Financial capital**
- Disciplined capital deployment
  - Total dividend and interest payments to investors: EUR 783m
  - Share buyback programme: EUR 250m
  - Investments in acquisitions: EUR 568m
  - Solvency II ratio: 210%

**Manufactured capital**
- High-performing products & services
  - Brand consideration: 21%
  - Net Promoter Score: 4 out of 11 Business Units scoring above market average
  - Encouraging innovation
  - Number of innovation initiatives: 33

**Natural capital**
- Environmental impact from own operations
  - Carbon emissions: 13 kilotonnes CO₂ - 100% compensated by carbon credits
  - Environmental impact from investments
  - Carbon footprint relating to proprietary investment portfolio: 72 tCO₂e/EURm invested

**Social and Relationship capital**
- Returns to customers
  - Total claims and benefits paid: EUR 13.7bn
  - Responsible tax: EUR 2.4m
  - Positive contribution to society
  - % ESG-integrated strategies: 74%
  - Investments in sustainable and impact strategies: EUR 28.3bn
  - Donations to charitable organisations: EUR 4.7m
  - Young people reached through NN Future Matters: 15,834

**Human capital**
- Wages and benefits
  - Total wages, benefits and pension contributions: EUR 1.6bn
- Inclusive and inspiring working environment
  - % women in senior management positions: 33%
  - Employee engagement score: 7.9

**Intellectual capital**
- Availability of services
  - % growth of digital retail clients: 19%
- Proper functioning of controls
  - Incidents of fraud, conflicts of interest and unethical behaviour: 66
- Efficient operating model
  - Total cost reductions (since 2016): EUR 404m
  - IT expenses: EUR 311m

**Outcome for our stakeholders**

**Customers**
To our customers, we offer peace of mind; our products help protect them, their families, their health and their property. We also safeguard their personal data, provide mortgages and a stable source of income in retirement. Our aim is to offer quick, effective customer service and access to new, innovative financial products.

**Employees**
To employees, we provide wages and other benefits. We also contribute to their pensions. In addition, we offer skills training and opportunities for career development. We provide an inspiring and inclusive place to work. Our aim is to build an engaged workforce and nurture a culture aligned with our purpose, values and ambition.

**Investors**
To our investors, we are committed to deliver resilient and growing long-term capital generation. To do so, we maintain a strong balance sheet and create solid financial returns by using our financial strength, scale and international footprint, and by efficiently managing our customers’ assets and our own insurance portfolios.

**Society**
We contribute to the well-being of people and the planet. We take a long-term and a responsible approach to investments, working to minimise their impact on the environment. We also support the economy through taxes and payments to intermediaries and other business partners. Through donations and volunteering, we are actively involved in local communities.