



Facts and figures

Our facts and figures outline our financial and non-financial performance year-on-year, and offer an overview in line with our integrated reporting approach.

Our approach to reporting

We take an integrated approach to reporting. Our Annual Report consists of two components: this Annual Review and the Financial Report.

In the Annual Review, we aim to provide a concise, accurate and balanced account of NN Group's performance over the past year. In-depth information, particularly regarding our financial performance, can be found in the Financial Report. NN Group N.V. is referred to in this document as 'NN Group' or 'NN'.

We aim to strengthen our integrated reporting every year. Elements such as our value creation model and our materiality matrix are again included in the Annual Review. The same applies for our performance data regarding human capital, responsible investment, community investment and environmental footprint.

This review therefore 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.

NN Group also publishes a Solvency and Financial Condition Report (SFCR), which includes public quantitative and qualitative disclosures on Solvency II. The SFCR is published on NN Group's corporate website in the Investors/Annual Report section.

We believe that this reporting strategy enables us to tailor our reporting for different stakeholders, many of whom require different depths of information. The online versions of the Annual Review and the Financial Report contain a number of links. Links to sources on the NN Group website are also included.

Reporting profile

This is NN Group's fifth Annual Report since our separation from ING Group and becoming a publicly listed company on 2 July 2014. It is published on 14 March 2019. We report annually, on a calendar year basis (1 January – 31 December).

Reporting process

Information in the Annual Report is based on extensive reporting from our countries, businesses and functions. All information is reviewed by NN Group's Disclosure Committee and is subject to approval of our Executive Board and Supervisory Board before publication.

Relevant topics

Relevant topics were selected for the 2018 Annual Report, more specifically the Annual Review, through a materiality assessment using internal and external research and other sources. In addition, a dialogue session was held with senior leaders from our organisation to help steer our focus. For more information, see page 13.

We aim to provide transparency and enhance the reliability of the reported content for our stakeholders. Therefore, our external auditor, KPMG, provided limited assurance on the non-financial information in the Annual Review. The non-financial information in scope of the assurance engagement of KPMG is defined as related to the material topics as defined on pages 13-15 of the Annual Review and include the indicators in the key financial and non-financial indicators related to these topics.

We provide evidence to our external auditor to support the statements we make in this report. Please refer to pages 75-79 for KPMG's Assurance report.

Boundary and scope of the data in the Annual Review

The boundaries of the Annual Review are defined by the topics included in the materiality assessment and the results that are presented in the materiality matrix.

The scope of the reported data is the range of entities over which NN Group has management control. The aforementioned applies to all material items as depicted in the materiality matrix, unless otherwise stated. The scope for community investment and environmental data is all businesses with more than 100 FTE.

NN Group used an online system, Credit360, to gather the information and data for community investment and environmental footprint. We have tried to limit any uncertainties in the reported data through our internal validation process, including application of validation rules in Credit360. We sourced the Human Resources (HR) data directly from the HR data analytics department. The financial data reported in this review has been fully sourced and aligned with NN Group's 2018 Financial Report.

The acquisition of Delta Lloyd had an impact on our scope. All 2016 numbers are for NN Group standalone. The 2017 numbers include Delta Lloyd since 1 April 2017. All 2018 data include Delta Lloyd for the full year. The acquisition did not change our corporate citizenship ambition, strategy, definitions and reported data.

Reporting guidelines

The information and data in the NN Group Annual Review is prepared in accordance with the Sustainability Standards (Core) from the Global Reporting Initiative (GRI). It aims to make information available in a manner that is understandable and accessible to stakeholders using the report and reflects different aspects of the organisation's performance to enable a reasoned assessment of overall performance.

The GRI Index table states the indicators NN Group is reporting on, including where to find the respective information, either in this Annual Review, Financial Report and/or the NN Group website. The index table can be found on www.nn-group.com/annualreport. In this document you can also find the Progress reports for the UN Principles for Sustainable Insurance and the UN Global Compact.

Going forward

Going forward, we will continue to tailor our reporting to serve different stakeholder groups. This includes further integration of financial and non-financial information and indicators to provide stakeholders with a complete picture of how we create long-term value for our company and stakeholders.

Facts and figures

Consolidated balance sheet

As at 31 December

Amounts in millions of euros, unless stated otherwise

	notes	2018	2017
Assets			
Cash and cash equivalents	2	8,886	9,383
Financial assets at fair value through profit or loss:	3		
– investments for risk of policyholders		30,230	33,508
– non-trading derivatives		5,096	5,116
– designated as at fair value through profit or loss		722	934
Available-for-sale investments	4	104,329	104,982
Loans	5	58,903	56,343
Reinsurance contracts	17	1,010	880
Associates and joint ventures	6	5,000	3,450
Real estate investments	7	2,374	3,582
Property and equipment	8	151	150
Intangible assets	9	863	1,841
Deferred acquisition costs	10	1,843	1,691
Deferred tax assets	33	131	125
Other assets	12	4,708	5,077
Total assets		224,246	227,062
Equity			
Shareholders' equity (parent)		22,850	22,718
Minority interests		234	317
Undated subordinated notes		1,764	1,764
Total equity	13	24,848	24,799
Liabilities			
Subordinated debt	14	2,445	2,468
Debt securities issued	15	1,990	1,988
Other borrowed funds	16	5,717	6,044
Insurance and investment contracts	17	161,118	163,639
Customer deposits and other funds on deposit	18	14,729	14,434
Financial liabilities at fair value through profit or loss:	19		
– non-trading derivatives		2,163	2,305
Deferred tax liabilities	33	1,809	1,830
Other liabilities	20	9,427	9,555
Total liabilities		199,398	202,263
Total equity and liabilities		224,246	227,062

References relate to the notes starting with note 1 'Accounting policies' of the Financial Report. These form an integral part of the Consolidated annual accounts.

Facts and figures continued

Consolidated profit and loss account

For the year ended 31 December

	notes	2018	2018	2017	2017
Gross premium income	21		13,272		12,060
Investment income	22		5,169		5,275
Result on disposals of group companies			60		-150
– gross fee and commission income		1,087		1,187	
– fee and commission expenses		-332		-382	
Net fee and commission income	23		755		805
Valuation results on non-trading derivatives	24		283		-513
Foreign currency results and net trading income			-56		-138
Share of result from associates and joint ventures	6		500		399
Other income			67		78
Total income			20,050		17,816
– gross underwriting expenditure		13,249		14,140	
– investment result for risk of policyholders		1,258		-1,622	
– reinsurance recoveries		-192		-187	
Underwriting expenditure	25		14,315		12,331
Intangible amortisation and other impairments	26		986		118
Staff expenses	27		1,521		1,517
Interest expenses	28		475		335
Other operating expenses	29		1,096		991
Total expenses			18,393		15,292
Result before tax			1,657		2,524
Taxation	33		524		392
Net result			1,133		2,132

Net result

For the year ended 31 December

		2018	2017
Net result attributable to:			
Shareholders of the parent		1,117	2,110
Minority interests		16	22
Net result		1,133	2,132

Key financial and non-financial indicators

Key financial indicators (in EUR million)

	2018	2017	2016
Operating result ongoing business	1,626	1,586	1,227
Net result (after minority interests)	1,117	2,110	1,189
Net operating ROE	8.9%	10.3%	8.1%
Solvency II ratio	230%	199%	241%
Value of new business	391	345	214
Assets under Management (end of period, in EUR billion)	246	246	195
Dividend proposal (per ordinary share, in EUR)	1.90	1.66	1.55
NN Group share price (last trading day of the year, in EUR)	34.80	36.12	32.20

Key non-financial indicators

	2018	2017	2016
Customer satisfaction and loyalty			
– insurance business units using NPS	100%	100%	100%
– insurance business units scoring on/above level previous year	42%	91%	95%
– insurance business units scoring on/above market average	67%	100%	n.a.
Assets under Management in sustainable and impact investing funds and mandates (end of period – in EUR million)	16,549	10,852	5,062
– as part of the total Assets under Management	6.7%	4.4%	2.6%
Women in Senior Leaders Group (%)	33%	32%	20%
Employee engagement score ¹	7.1	7.0	7.1
– participation in the engagement survey	85%	73%	86%
Young people reached through NN Future Matters programme	38,536	37,208	27,529
Donations to charitable organisations (x EUR 1,000) ²	2,700	2,400	1,500

1 In 2018 we introduced a new metric for measuring engagement. The previous measurement for 2017 was 66%; with the new metric this is 7.0.

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

Sustainability indices and ratings

	2018	2017	2016
Indices			
Dow Jones Sustainability Index (out of 100)	77 (Included)	80 (Included)	77
FTSE4Good	Included	Included	Included
VigeoEiris Euronext: 120	Included	–	–
Bloomberg Gender-Equality Index	Included	–	–
Ratings			
CDP (Carbon Disclosure Project)	B	C	C
MSCI	A	AA	–
Oekom	C (Prime)	C (Prime)	C (Prime)
	1/146	3/145	13/151
Sustainalytics (position/# insurance companies)	(Leader)	(Leader)	(Outperformer)
Transparency Benchmark Netherlands (out of 200) ³	–	183	176

3 Since 2017 published on a bi-annual basis.

Key financial and non-financial indicators continued

Customer-related indicators (in EUR million)

	2018	2017	2016
Total claims and benefits paid	15,171	15,772	11,681
New sales life insurance (APE)	1,640	1,791	1,386
Gross premium income	13,272	12,060	9,424

Responsible investment indicators (in EUR million)

	2018	2017	2016
Assets under Management in sustainable and impact investing funds and mandates (end of period)	16,549	10,852	5,062
– as part of total Assets under Management NN Investment Partners	6.7%	4.4%	2.6%
Equity			
– NN Duurzaam Aandelen Fonds	1,512	734	679
– NN (L) European Sustainable Equity Fund	267	308	91
– NN (L) Global Sustainable Equity Fund	1,496	1,717	673
– NN Global Sustainable Opportunities Fund	205	263	265
– NN (L) Global Equity Impact Opportunities	284	368	–
– NN Enhanced Index Sustainable Equity Fund ¹	2,749	2,942	–
– NN Equity Investment Fund	628	–	–
– European Sustainable Equity Mandates	342	387	349
– Global Sustainable Equity Mandates	1,129	1,612	1,121
Subtotal	8,611	8,331	3,179
Fixed income			
– NN (L) Euro Sustainable Credit (excluding Financials)	491	679	587
– NN (L) Euro Sustainable Credit	852	117	96
– NN (L) Euro Green Bond Fund	578	173	61
– Sustainable Fixed Income Mandates	1,639	1,319	1,038
– NN FMO Emerging Markets Loans Fund	94	–	–
Subtotal	3,654	2,288	1,782
Multi-asset			
– NN (L) Patrimonial Balanced European Sustainable	346	234	102
– Star Fund	3,938	–	–
Subtotal	4,284	234	102
Voting			
Shareholders meetings where we voted ²	2,118	1,507	1,437
– as % of total votable meetings	97%	97%	94%
Agenda items on which we voted	26,839	18,978	18,335
How we voted on agenda items (%)			
– for	87.5%	89.6%	90.1%
– against	12.2%	10.1%	9.6%
– abstain	0.3%	0.3%	0.3%
Countries where we voted	58	54	51
Shareholder resolutions on which we voted by topic	596	348	347
– environmental	40	56	54
– social	119	74	73
– governance	437	218	220
GRESB Real Estate Assessment scores³			
Private real estate – portfolio average (vs. benchmark average)	80 (66)	74 (61)	72 (59)

1 Previously: Delta Lloyd Equity Sustainable Global Fund.

2 Excludes voting related to Delta Lloyd assets.

3 NN calculates the GRESB scores on a value-weighted basis, and compares these to the relevant benchmark average. Scores are on a scale of 1 to 100. The real estate portfolios are part of NN Group's proprietary assets.

Key financial and non-financial indicators continued

Carbon footprint of NN Group's proprietary assets

	2018	2017	2016
Assessed Assets under Management (in EUR billion)	108	103	81
Fixed income	104	99	78
Equity	3	4	3
Carbon footprint (tCO₂e/EUR million invested)	146	273	309
Fixed income	146	278	316
Equity	153	120	146
Weighted average carbon intensity (tCO₂e/EUR million of revenue)	107	231	232
Government Bonds	42	233	232
Corporate Bonds	318	276	238
Equity	213	171	260

Carbon footprinting can help us understand carbon-related risks within our investment portfolio, and can also be useful to inform corporate engagement. In the context of an investment portfolio, a carbon footprint measures the amount of greenhouse gas (GHG) emissions and intensity associated with the underlying portfolio holdings. The footprint is measured in carbon dioxide equivalents (CO₂e).

Scope of our carbon footprint disclosure

The carbon footprint of NN Group's proprietary fixed income and listed equity holdings was measured as per 31 December 2018, and is based on the latest carbon dioxide emissions data for governments and companies available to us.

In 2018, the assessed AuM was EUR 108 billion. This represents 58% of NN Group's total proprietary investment portfolio. The main asset categories that were not in scope of this carbon footprint analysis included mortgages, real estate, private equity, and cash. The fixed income holdings that we assessed included government bonds and corporate fixed income securities. The Corporate Fixed Income portfolio comprised mainly corporate bonds, but also asset-backed securities and loans (although the data availability on these two asset categories was limited).

The analysis is based on emissions data provided by ISS-Ethix Climate Solutions, a leading global provider of investment climate data. The coverage, or the percentage of (assessed) portfolio assets for which (actual or estimated) emissions data was available, is 86%.

The methodology for the footprint measurement of Government bonds was changed compared to last year(s) reflecting an alignment to the methodology recommended by the Platform Carbon Accounting Financials (PCAF). We now allocate emissions to a sovereign bond by taking into account the emissions that are directly caused by the government's own activity, as well as the emissions from government financing in other sectors within a country.

More information on the results and insights can be found in NN's 'Carbon Footprint Disclosure' report, published on the NN Group website.

Human capital indicators

	2018	2017	2016
Workforce (end of year)			
Total full-time equivalents (FTEs)	14,492	14,853	11,545
Total number of employees (headcount) ¹	14,953	15,406	11,995
– Netherlands Life	2,620	2,924	2,162
– Netherlands Non-life	2,906	2,157	935
– Netherlands Bank	834	n.r.	n.r.
– Insurance Europe	4,688	4,847	4,254
– Insurance Japan	899	868	775
– Asset Management	1,017	1,165	1,098
– Other	1,989	3,445	2,771
Part-time employees	20.6%	22.0%	15.8%
Temporary employees	6.1%	5.8%	5.9%
Average years of service	12.8	11.8	n.r.
Male/female ratio	52/48	52/48	52/48
Male/female ratio managers	65/35	65/35	66/34
Male/female ratio Senior Leaders Group	67/33	68/32	80/20

¹ By further refining the segmentation of employees per business unit data may differ from the previous year (i.e. NN Bank is now separately presented where in 2016 and 2017 it was allocated to Other).

Key financial and non-financial indicators continued

Human capital indicators continued

	2018	2017	2016
Well-being and engagement			
Sick leave ²	3.6%	3.3%	2.4%
Engagement score ³	7.1	7.0	7.1%
Participation in engagement survey	85%	73%	86%
Grievances on labour practices ⁴	18	10	12
Employee participation			
Employees covered by Collective Labour Agreement (CLA)	76.9%	75.1%	70.1%
Employees represented by an employee representative body	85%	87%	n.r.
Formal meetings held with employee representative bodies	134	127	n.r.
Talent development			
Total spending on training and development (in EUR million)	21.5	21.4	13.7
Spending/average FTE	1,469	1,441	1,111
Human capital return on investment ⁵	2.3	2.3	2.3
Employees with completed standard performance process	93.1%	91.8%	98.4%
Employee turnover			
New hires	1,674	1,521	1,358
Employee turnover	15.0%	14.9%	10.2%
– voluntary employee turnover	7.9%	7.8%	5.8%
– involuntary employee turnover	7.1%	7.2%	4.4%
Open positions filled by internal candidates ⁶	46.7%	26.8%	29.2%
Whistleblower concerns filed			
Of which investigated by Corporate Security & Investigations	7	11	n.r.
	4	3	n.r.
Other incidents and concerns			
Measures taken, related to:	100	71	n.r.
– Fraud (and alleged fraud)	14	n.r.	n.r.
– Unethical behaviour	7	n.r.	n.r.
– Unethical behaviour	6	n.r.	n.r.
– Conflict of interest	1	n.r.	n.r.
Employee compensation			
Total employee wages and benefits (in EUR million)	1,500	1,496	1,160
Ratio of CEO compensation to the average employee compensation ⁷	33:1	29:1	n.r.

2 Netherlands only; this counts for 60% of the total organisation.

3 In 2018 we introduced a new metric for measuring engagement. The previous measurement for 2017 was 66%; with the new metric this is 7.0.

4 The 2018 number covers data from our global organisation (where in 2017 and 2016 it accounted for the Netherlands only). It does not include the complaints received in relation to the integration process of Delta Lloyd and Nationale-Nederlanden, given the specific nature of these complaints.

5 Human capital ROI is calculated as: (operating result ongoing business + employee expenses)/employee expenses.

6 The increase is mainly due to a change of definition: number of employees with a change in position/(number of employees with a change in position + hired employees).

7 For more information, refer to the Remuneration report on pages 32-35 of the Financial Report.

n.r. indicates not reported.

Key financial and non-financial indicators continued

Community investment indicators

	2018	2017	2016
Total donations to charitable organisations (x EUR 1,000) ¹	2,700	2,400	1,500
Of which received by charitable organisations through our corporate foundations (country/name)			
– The Netherlands/Together for Society	189	218	182
– The Netherlands/From Debt to Opportunities	942	850	
– Romania/Foundation for Life	26	11	29
Total hours of volunteering work (in Future Matters focus areas)	13,236	14,099	5,685
Total number of young people reached through NN Future Matters programme ²	38,536	37,208	27,529

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

2 Numbers reached include partnership with JA and EP-Nuffic, the Future Matters anniversary donations and main Dutch programmes (excluding the From Debt to Opportunities programme).

Environmental indicators

	2018	2017	2016
CO₂ emissions of our direct operations			
% of CO ₂ emissions offset annually	100%	100%	100%
CO ₂ emissions (kilotonnes)	23	25	22
CO ₂ emissions from energy consumed on NN sites	10	11	9
– of which electricity	6	6	6
– of which natural gas	2	3	2
– of which district heating	2	2	1
CO ₂ emissions from air travel	5	4	4
CO ₂ emissions from car travel	8	10	9
CO ₂ emissions (tonnes)/FTE	1.6	1.7	1.9
Business travel			
Air travel (km x 1 million)	28	22	24
Car travel (km x 1 million)	44	56	45
Energy consumption			
Total energy consumption (MWh x 1,000)	53	59	37
Electricity	12	11	12
Renewable electricity	23	24	10
– Renewable electricity as % of total electricity	66%	69%	45%
Natural gas	8	13	11
District heating ¹	10	11	5
Paper			
Total paper use (kg)	457,139	776,380	830,409
– Sustainable paper (i.e FSC) (kg)	357,450	678,418	693,580
– Sustainable paper as % of total paper	78%	87%	84%
Waste			
Total waste (kg)	387,139	389,517	471,162
– Recycled waste (kg)	243,891	320,897	215,325
– Recycled waste as % of total waste	63%	82%	46%

1 Decrease in 2016 mainly caused by a reduction of office space in the Netherlands.

Assurance report of independent auditors



Assurance report of the independent auditor

To: the Stakeholders and the Supervisory Board of NN Group N.V.

Our conclusion

We have reviewed the Non-Financial Information in the Annual Review 2018 (hereafter: the Non-Financial Information) of NN Group N.V. (hereafter: NN Group) based in Amsterdam and headquartered in The Hague. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed, nothing has come to our attention that causes us to believe that the information relating to material non-financial topics (for selection of topics, see page 13) is not prepared, in all material respects, in accordance with the reporting criteria as described in 'Our approach to reporting' (page 67).

The Non-Financial Information comprises a representation of the policy of NN Group with regard to corporate responsibility, and the thereto related business operations, events and achievements during the year.

Basis for our opinion

We have performed our review on the Non-Financial Information in accordance with Dutch law, including Dutch Standard 3810N: 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports).

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

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The Non-Financial Information needs to be read and understood together with the reporting criteria. NN Group is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

KPMG Accountants N.V., registered with the trade register in the Netherlands under number 33263683, is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

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Assurance report of independent auditors continued



The reporting criteria used for the preparation of the Non-Financial Information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied internal reporting criteria as disclosed on page 67 of the report.

Key review matter

Key review matters are those matters that, in our professional judgement, were of most significance in our review of the Non-Financial Information. We have communicated the key review matter to the Supervisory Board.

The key review matter is not a comprehensive reflection of all matters discussed.

This matter was addressed in the context of our review of the Non-Financial Information within the scope of our engagement as a whole and in forming our conclusion thereon, and we do not provide a separate opinion on this matter.

Key review matter: **Balanced reporting**

Description

NN Group applies the GRI Standards and the <IR> Framework for the Annual Review. These frameworks require amongst others that the report provides an unbiased and clear picture of NN Group's (non-financial) performance and that discussion of topics provides a complete view of the relevant aspects of these topics.

In 2018, the integration of the Delta Lloyd operations and personnel into the NN Group organisation was a key focus area for the Executive Board. Furthermore, NN Group strengthened its approach to responsible investing.

Therefore, we consider balanced and complete reporting on key topics (e.g. the Delta Lloyd integration and the responsible investment process) as significant to our review.

Our response

We have performed assurance procedures aimed at the balance and complete representation for key topics in the report of NN Group. Those procedures started by obtaining an understanding of the processes NN Group applied to collect and document information as the basis for preparing the Annual Review. We interviewed relevant staff responsible for preparing the Annual Review and assessed proper inclusion of both achievements and challenges in the reporting. Furthermore we have reviewed underlying documentation.

We have also assessed the Annual Review on the balance between the different material topics. For the Delta Lloyd integration and responsible investing, we reviewed the information in the report on whether this provides a balanced and a complete picture of the activities and occurrences for 2018 and future plans and activities of NN Group as applicable.

Assurance report of independent auditors continued



Finally we performed an overall assessment of the Annual Review based on our knowledge of the company and evidence obtained to determine whether the Annual Review presents a balanced overall picture of NN Group's (non-financial) performance and activities over the year.

Our observation

We concluded that the Annual Review reflects a sufficiently balanced and complete view of the performance and activities of NN Group for the year 2018 on selected key reporting topics (e.g. the Delta Lloyd integration and responsible investing).

Limitations to the scope of our review

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

Responsibilities of the Executive Board and the Supervisory Board for the Non-Financial Information

The Executive Board of NN Group is responsible for the preparation of the Non-Financial Information in accordance with the GRI Standards and the applied supplemental reporting criteria as disclosed in 'Our approach to reporting' on page 67, including the identification of stakeholders and the definition of material matters. The choices made by the Executive Board regarding the scope of the Non-Financial Information and the reporting policy are summarised in 'Our approach to reporting' of the Annual Review. The Executive Board is also responsible for such internal control as it determines is necessary to enable the preparation of the Non-Financial Information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing NN Group's reporting process.

Our responsibilities for the review of the Non-Financial Information

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

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

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Non-Financial Information.

KPMG Accountants N.V., registered with the trade register in the Netherlands under number 33263683, is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Assurance report of independent auditors continued



The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

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

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

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

- Performing an analysis of the external environment and obtaining an understanding of relevant societal themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the Non-Financial Information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by management;
- Obtaining an understanding of the reporting processes for the Non-Financial Information, including obtaining a general understanding of internal control relevant to our review;
- Identifying areas of the Non-Financial Information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the Non-Financial Information responsive to this risk analysis.

These procedures included among others:

- Interviewing management and relevant staff at corporate level responsible for the non-financial strategy, policy and results;
- Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the Non-Financial Information;
- Obtaining assurance information that the Non-Financial Information reconciles with underlying records of the company;
- Reviewing, on a limited test basis, relevant internal and external documentation;
- Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level.
- Evaluating the consistency of the Non-Financial Information with the information in the report which is not included in the scope of our review;
- Evaluating the presentation, structure and content of the Non-Financial Information;

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Assurance report of independent auditors continued



— To consider whether the Non-Financial Information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amstelveen, 13 March 2019

KPMG Accountants N.V.

P.A.M. de Wit RA

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Glossary

Agile	Our business units are investing in becoming more agile to secure long-term growth. In the agile methodology, people of different expertise and teams are given autonomy and work together towards a common goal. The goal of agile is faster product and service delivery.
Assets under Management (AuM) in sustainable and impact funds and mandates	Assets that are managed with a specific focus on sustainability. This includes our Socially Responsible Investing (SRI) funds and mandates.
Brand awareness	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.
CDP	Carbon Disclosure Project. A global disclosure system for companies, cities, states and regions to manage their environmental impacts and for investors or purchasers to access environmental information for use in financial decisions.
Central Works Council	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.
Climate Action 100+	A five-year initiative led by investors to engage with the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures.
COLI	Corporate-owned life insurance.
Corporate governance	Corporate governance relates to effective and responsible management of a company and the supervision of that management, as well as to internal control and the relations with the stakeholders of the company, such as customers, shareholders, employees, business partners and society at large.
Credit rating	Credit ratings, as assigned by rating agencies (such as Standard & Poor's and Fitch), are indicators of the likelihood of timely and complete repayment of interest and instalments of fixed income securities.
Data privacy	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.
Diversity and inclusion	NN Group's 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.
Digitalisation	The process of adopting and integrating digital technologies and solutions by an industry or organisation. Digitalisation brings opportunities for NN to broaden and deepen product offerings and increase partnerships with insurtech startups.
Dutch Cyber Collective	The Dutch Cyber Collective, an initiative of Nationale-Nederlanden, is an overarching Dutch association committed to effectively reducing cybercrime for Dutch SMEs.
Emerging markets	An emerging market 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 engagement	Employee engagement is a property of the relationship between an organisation and its employees, measured by NN Group through the Peakon employee survey.
Employee Value Proposition (EVP)	The EVP represents what our employees experience and benefit from 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 NN Group. The EVP highlights the factors that make NN attractive to the labour market.
Environmental, social and governance (ESG) factors	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	A conglomerate of the former entities: Amsterdam Stock Exchange, Brussels Stock Exchange and Paris Stock Exchange. Located in Amsterdam, the Netherlands.
European Works Council (EWC)	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 11 European countries where NN Group is active. EWC-members are informed about transnational matters twice a year.
Financial economic crime (FEC)	Any involvement in money laundering, the funding of terrorism, or other criminal activities that could harm stakeholder confidence in NN as a financial services provider.

Glossary continued

Financial sector oath or promise	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.
General Data Protection Regulation (GDPR)	Regulation by which the European Parliament, the Council of the European Union and the European Commission that aims to unify data protection for all individuals within the European Union. The GDPR came into effect on 25 May 2018.
Global Real Estate Sustainability Benchmark (GRESB)	An industry-driven organisation committed to assessing the sustainability performance of real assets globally, including real estate portfolios. On behalf of close to 60 institutional investors, GRESB Real Estate has assessed almost 1,000 property companies and funds globally.
Global Reporting Initiative (GRI)	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	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.
Institutional investors	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	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)	A global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. The coalition promotes communication about value creation as the next step in the evolution of corporate reporting.
Internet of Things (IoT)	A network of devices that can connect to the internet and to each other, allowing the devices to be controlled remotely and data to be transferred. The Internet of Things is among the technologies expected to spur a transformation of the financial services industry.
Junior Achievement Europe	Europe's largest provider of education programmes for entrepreneurship, work readiness and financial literacy.
KiFiD	The Dutch institute for consumer complaints about the financial services industry (Klachteninstituut Financiële Dienstverlening).
Longevity	Length or duration of life.
Materiality matrix	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 (NPS)	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.
Non-Governmental Organisation (NGO)	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	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.
NN Group Compliance Charter & Framework	A policy set in place by NN Group to help businesses to effectively manage their compliance risks.
Ordinary share	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.
Partial Internal Model (PIM)	A method of calculating the Solvency Capital Requirement (SCR) that combines a standard formula and an approved, internally developed internal model. NN Group's PIM was approved by the Dutch Central Bank (DNB) in December 2015. In 2018, NN received approval from the DNB to expand the PIM to include the Delta Lloyd entities.
Peakon	The Peakon survey is 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 EVP as an organisation. Peakon replaces the Yearly Engagement Survey (YES).

Glossary continued

Product Approval and Redesign Process (PARP)	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.
Qredits	A microfinancing organisation assisting entrepreneurs with loans, mentoring and e-learning.
Remuneration	Reward to NN Group's employees in the form of salary or compensation, either fixed or variable, including benefits.
Report of the management board	The NN Group N.V. 2018 Report of the management 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 Statements Dutch Financial Supervision Act and Dutch Corporate Governance Code.
Responsible Investment (RI) Framework policy	The Responsible Investment (RI) Framework policy 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 investment decision-making and active ownership practices.
Retail investors	An individual who purchases securities for his or her own personal account rather than for an organisation.
Robotisation	The automation of a system or process by use of robotic devices.
Settlement Date	The date on which a trade must be settled and the buyer must make payment. On 2 July 2014, ING Group offered part of its shares in the share capital of NN Group to the public and the shares in the capital of NN Group were listed on Euronext Amsterdam. Settlement Date of the offering was 7 July 2014.
SME	Small- and medium-sized enterprise.
SparkLab	NN innovation labs that work to foster innovative ideas by identifying and exploring growth opportunities. The concept was pioneered in the Netherlands in 2016 and has since been replicated in Hungary, Japan, Poland, Romania, Spain and Turkey.
Social Innovation Relay	The Social Innovation Relay is an initiative of Junior Achievement Europe 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	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	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	The groups and individuals who, directly or indirectly, influence – or are influenced by – the attainment of the company's objectives, such as shareholders and other lenders, employees, suppliers, customers and civil society.
Sustainable Development Goals (SDGs)	The SDGs, also known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.
Task Force on Climate-related Financial Disclosures (TCFD)	The Financial Stability Board launched the industry-led TCFD to develop recommendations on climate-related financial disclosures. The Task Force published its final recommendations in June 2017.
UN Global Compact	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	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.