



**PUBLIC RI REPORT**

**2021 PILOT**

**NN Investment Partners**

**Generated 2022-08-18**

# About this report

The PRI Reporting Framework helps to build a common language and industry standard for reporting responsible investment activities. **Public RI Reports** provide accountability and transparency on signatories' responsible investment activities and support dialogue within signatories' organisations, as well as with their clients, beneficiaries and other stakeholders.

This **Public RI Report** is an export of the signatory's responses to the PRI Reporting Framework during the 2021 reporting period. It includes the signatory's responses to mandatory indicators, as well as responses to voluntary indicators that the signatory has agreed to make public.

The information is presented exactly as it was reported. Where an indicator offered a multiple-choice response, all options that were available to select from are included for context. While presenting the information verbatim results in lengthy reports, the approach is informed by signatory feedback that signatories prefer that the PRI does not summarise the information.

## Context

In consultation with signatories, between 2018 and 2020 the PRI extensively reviewed the Reporting and Assessment processes and set the ambitious objective of launching in 2021 a completely new investor Reporting Framework, together with a new reporting tool.

We ran the new investor Reporting and Assessment process as a pilot in its first year, and such process included providing additional opportunities for signatories to provide feedback on the Reporting Framework, the online reporting tool and the resulting reports. The feedback from this pilot phase has been, and is continuing to be analysed, in order to identify any improvements that can be included in future reporting cycles.

## PRI disclaimer

This document presents information reported directly by signatories in the 2021 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

# Table of Contents

Module/Indicator	Page
Senior Leadership Statement (SLS)	4
Organisational Overview (OO)	8
Investment and Stewardship Policy (ISP)	24
Manager Selection, Appointment and Monitoring (SAM)	85
Listed Equity (LE)	104
Fixed Income (FI)	130
Sustainability Outcomes (SO)	161

# Senior Leadership Statement (SLS)

## Senior leadership statement

### Our commitment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S1	CORE	N/A	N/A	PUBLIC	Our commitment	GENERAL

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment?
- What are the main differences between your organisation's approach to responsible investment in its ESG practice and in other practices, across asset classes?

Responsible Investing (RI) lies at the heart of NN Investment Partners' (NN IP's) investment beliefs. We are convinced that RI enhances risk-adjusted returns and believe that companies with sustainable business practices and high standards of corporate governance will be more resilient and future-proof.

We integrate environmental, social and governance (ESG) factors based on stringent criteria into more than two thirds of our assets under management. We do this by means of our Responsible Investing Framework, which defines the why and the how of our approach to RI.

#### Overall approach

Our RI activities and ambitions are encapsulated in the NN IP RI framework. The starting point is formed by our two RI beliefs: putting capital to work and improving returns. These beliefs simply explain why responsible investing is important to us.

We have a responsibility to put the capital we manage to work. As a global asset manager, we can and should play an instrumental role in influencing society to move towards a more sustainable future. Furthermore, we believe there is a strong link between the longer-term positive impact of ESG integration and improved risk-adjusted returns. Consistent ESG integration enables us to unlock potential value by identifying the associated risks and opportunities.

Meanwhile, our RI approach combines four building blocks we use to implement responsible investing: restriction criteria, ESG integration, engagement and voting, and transparent reporting. By incorporating these four building blocks consistently within our investment process, we are better able to fulfil our clients' responsible investing ambitions, as well as their financial goals and to take up our responsibility as a responsible investor.

Last but not least, our RI beliefs remind us why investing responsibly matters, not only for our clients but also for wider society.

We have chosen to distinguish three types of strategies – ESG-integrated, Sustainable and Impact – to cater to a variety of client needs across a broad range of asset classes. We strive to integrate ESG factors in all of our strategies, but acknowledge that in some asset classes, it is a challenge to do this in a consistent, systematic and auditable manner.



## Annual overview

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S2	CORE	N/A	N/A	PUBLIC	Annual overview	GENERAL

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. This might involve e.g. outlining your single most important achievement, or describing your general progress, on topics such as the following:
  - refinement of ESG analysis and incorporation
  - stewardship activities with investees and/or with policy makers
  - collaborative engagements
  - attainment of responsible investment certifications and/or awards

In 2020, despite the home-working environment for most of the year, we made additional steps in our ambition on RI, illustrated amongst others by the fact that we have now integrated in over 74% of our AUM environmental, social and governance (ESG) factors based on stringent criteria. This is also externally assured. In the mean time we worked on the alignment between our three types of strategies – ESG-integrated, Sustainable and Impact – to the required classification by the EU SFDR regulation. Progress to be mentioned is also the launch of our in-house proprietary NN IP ESG indicator (ESG lens) for both corporates and countries, next to strengthening our advocacy role in offering an open RI summer course with 8 lecturers from universities worldwide on RI related topics.

Combining this with the publication of a Climate Change policy, attainment of the Belgian Towards Sustainability Label of most of our sustainable and impact funds and ensuring consistent voting we ensured that both ESG integration and Active Ownership took further flight at NN IP. For more information on what we have achieved in 2020, please refer to our Annual RI Report.

## Next steps

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S3	CORE	N/A	N/A	PUBLIC	Next steps	GENERAL

**What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?**

At NN IP we have set a target of minimum 80% of our AUM to have integrated environmental, social and governance (ESG) factors based on stringent criteria by 2023. Furthermore we planned steps to further innovate on our ESG Lens (proprietary ESG indicator), we have signed the asset managers Net-Zero commitment early 2021.

We also planned to update our voting policy and our engagement policy in 2021 to reflect our commitment to climate change and biodiversity and reflect the milestones we attained in the previous years.

We remain steadfast in our commitment to RI and will continue to work on our current RI agenda and framework implementation.

## Endorsement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S4	CORE	N/A	N/A	PUBLIC	Endorsement	GENERAL

**The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment.**

Name A.Heinsbroek

Position CSO-Chief Sustainability Officer

Organisation's name NN Investment Partners

● This endorsement is for the Senior Leadership Statement only and is not an endorsement of the information reported by NN Investment Partners in the various modules of the Reporting Framework. The Senior Leadership Statement is simply provided as a general overview of NN Investment Partners's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such, and is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions.

# Organisational Overview (OO)

## Organisational information

### Categorisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	Signatory category	Multiple, see guidance	PUBLIC	Categorisation	GENERAL

Select the type that best describes your organisation or the services you provide.

(O) Fund management

(1) This is our only (or primary) type

(P) Fund of funds, manager of managers or sub-advised products

(2) This is an additional (secondary) type

(S) Fiduciary management or other outsourced discretionary fund allocation

(2) This is an additional (secondary) type

### Subsidiary information

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries that are also PRI signatories in their own right?

☐ (A) Yes

☒ (B) No

## Reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 3	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

Indicate the year-end date for your reporting year.

	Month	Day	Year
Reporting year end date:	December	31	2020

## Assets under management

### All asset classes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 4.1, OO 4.2	N/A	PUBLIC	All asset classes	GENERAL

What were your total assets under management (AUM) at the end of the indicated reporting year? Provide the amount in USD.

(A) AUM of your organisation, including subsidiaries	US\$ 365,000,000,000.00
--	-------------------------

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission	US\$ 0.00
---	-----------

(C) AUM subject to execution, advisory, custody, or research advisory only	US\$ 0.00
--	-----------

## Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

**Provide a percentage breakdown of your total assets under management at the end of your indicated reporting year.**

Percentage of AUM	
(A) Listed equity – internal	7.0%
(B) Listed equity – external	1.0%
(C) Fixed income – internal	74.0%
(D) Fixed income – external	2.0%
(E) Private equity – internal	0.0%
(F) Private equity – external	0.0%
(G) Real estate – internal	0.0%
(H) Real estate – external	0.0%
(I) Infrastructure – internal	0.0%
(J) Infrastructure – external	0.0%
(K) Hedge funds – internal	0.0%
(L) Hedge funds – external	0.0%
(M) Forestry – internal	0.0%
(N) Forestry – external	0.0%
(O) Farmland – internal	0.0%

(P) Farmland – external	0.0%
-------------------------	------

(Q) Other – internal, please specify:	
---------------------------------------	--

Multi-Assets	16.0%
--------------	-------

(R) Other – external, please specify:	0.0%
---------------------------------------	------

(S) Off-balance sheet – internal	0.0%
----------------------------------	------

(T) Off-balance sheet – external	0.0%
----------------------------------	------

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.1	CORE	OO 5	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

**Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.**

	(1) Listed equity	(2) Fixed income
(A) Segregated mandate(s)	10.0%	8.0%
(B) Pooled fund(s) or pooled investment(s)	90.0%	92.0%

# ESG strategies

## Listed equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 LE	CORE	OO 5.2 LE	OO 6.1 LE, LE 13	PUBLIC	Listed equity	1

Which ESG incorporation strategy and/or combination of strategies do you apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity:

(A) Screening alone 0.0%

(B) Thematic alone 0.0%

(C) Integration alone 0.0%

(D) Screening and integration 92.0%

(E) Thematic and integration 0.0%

(F) Screening and thematic 0.0%

(G) All three strategies combined 8.0%

(H) None 0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 LE	CORE	OO 6 LE	LE 8	PUBLIC	Listed equity	1

What type of screening is applied to your internally managed active listed equity assets?

Percentage coverage out of your total listed equities where screening strategy is applied

(A) Positive/best-in-class screening only	0.0%
(B) Negative screening only	0.0%
(C) A combination of positive/best-in-class and negative screening	100.0%

## Fixed income

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 FI	CORE	OO 5.2 FI	Multiple, see guidance	PUBLIC	Fixed income	1

Which ESG incorporation strategy and/or combination of strategies do you apply to your internally managed active fixed income?

	(1) Fixed income – SSA	(2) Fixed income – corporate	(3) Fixed income – securitised
(A) Screening alone	19.0%	0.0%	100.0%
(B) Thematic alone	0.0%	0.0%	0.0%
(C) Integration alone	0.0%	0.0%	0.0%
(D) Screening and integration	80.0%	93.0%	0.0%
(E) Thematic and integration	0.0%	0.0%	0.0%
(F) Screening and thematic	0.0%	0.0%	0.0%
(G) All three strategies combined	1.0%	7.0%	0.0%
(H) None	0.0%	0.0%	0.0%



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 FI	CORE	OO 6 FI	N/A	PUBLIC	Fixed income	1

**What type of screening is applied to your internally managed active fixed income?**

	(1) Fixed income – SSA	(2) Fixed income – corporate	(3) Fixed income – securitised
(A) Positive/best-in-class screening only	0.0%	0.0%	0.0%
(B) Negative screening only	0.0%	0.0%	100.0%
(C) A combination of positive/best-in-class and negative screening	100.0%	100.0%	0.0%

## Externally managed assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 SAM	CORE	OO 5.2 LE, OO 5.2 FI	OO 6.1 SAM	PUBLIC	Externally managed assets	1

**Which ESG incorporation strategy and/or combination of strategies apply to your externally managed active listed equity and fixed income?**

	(1) Listed equity - external	(3) Fixed income – corporate - external
(A) Screening alone	0.0%	0.0%
(B) Thematic alone	0.0%	0.0%
(C) Integration alone	0.0%	0.0%
(D) Screening and integration	100.0%	100.0%
(E) Thematic and integration	0.0%	0.0%

(F) Screening and thematic	0.0%	0.0%
(G) All three strategies combined	0.0%	0.0%
(H) None	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 SAM	CORE	OO 6 SAM	N/A	PUBLIC	Externally managed assets	1

**What type of screening is applied to your externally managed active listed equity and fixed income?**

	(1) Listed equity - external	(3) Fixed income – corporate - external
(A) Positive/best-in-class screening only	0.0%	0.0%
(B) Negative screening only	0.0%	0.0%
(C) A combination of positive/best-in-class and negative screening	100.0%	100.0%

# Externally managed assets

## Captive relationships

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	OO 5	Multiple, see guidance	PUBLIC	Captive relationships	GENERAL

Does your organisation have a captive relationship with some or all of its external investment managers?

- ☐ (A) Yes  
☒ (B) No

## Investment consultants

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	OO 5	SAM 1	PUBLIC	Investment consultants	GENERAL

Does your organisation engage investment consultants in the selection, appointment or monitoring of your external investment managers?

- ☐ (A) Yes  
☒ (B) No

# Stewardship

## Listed equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 LE	CORE	OO 5, OO 5.2 LE	Multiple, see guidance	PUBLIC	Listed equity	2

Does your organisation conduct stewardship activities for your listed equity assets?

	(1) Engagement on listed equity – active	(3) (Proxy) voting on listed equity – active
(A) Through service providers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Through external managers	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct this stewardship activity	<input type="checkbox"/>	<input type="checkbox"/>

## Fixed income

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 FI	CORE	OO 5, OO 5.2 FI	Multiple, see guidance	PUBLIC	Fixed income	2

Does your organisation conduct stewardship activities for your fixed income assets?

	(4) Active – SSA	(5) Active – corporate	(6) Active – securitised	(7) Private debt
(A) Through service providers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(B) Through external managers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(E) We did not conduct this stewardship activity for this strategy/asset type	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

# ESG incorporation

## Internally managed assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 10	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Internally managed assets	1

For each internally managed asset class, select whether or not you incorporate ESG into your investment decisions.

	(1) ESG incorporated into investment decisions	(2) ESG not incorporated into investment decisions
(B) Listed equity – active – quantitative	<input checked="" type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>
(F) Fixed income – SSA	<input checked="" type="radio"/>	<input type="radio"/>
(G) Fixed income – corporate	<input checked="" type="radio"/>	<input type="radio"/>
(H) Fixed income – securitised	<input type="radio"/>	<input checked="" type="radio"/>
(I) Fixed income – private debt	<input checked="" type="radio"/>	<input type="radio"/>
(W) Other [as specified]	<input checked="" type="radio"/>	<input type="radio"/>

## External manager selection

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager selection	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager selection. Your response should refer to the selection of the external managers who managed the relevant asset classes during the reporting year, regardless of when such selection took place.

	(1) ESG incorporated into external manager selection	(2) ESG not incorporated into external manager selection
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>

## External manager appointment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 12	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager appointment	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager appointment. Your response should refer to the appointment of the external managers who managed the relevant asset classes during the reporting year, regardless of when their appointment took place.

	(1) ESG incorporated into external manager appointment	(2) ESG not incorporated into external manager appointment
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>

## External manager monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 13	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager monitoring	1

For each externally managed asset class, select whether or not you incorporated ESG into external manager monitoring during the reporting year.

	(1) ESG incorporated into external manager monitoring	(2) ESG not incorporated into external manager monitoring
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>

## Voluntary reporting

### Voluntary modules

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Voluntary modules	GENERAL

The following modules are voluntary to report on in the separate PRI asset class modules as they account for less than 10% of your total AUM and are under USD 10 billion. Please select if you wish to voluntarily report on the module.

	(1) Yes, report on the module	(2) No, opt out of reporting on the module
(J) External manager selection, appointment and monitoring (SAM) – listed equity	<input checked="" type="radio"/>	<input type="radio"/>
(K) External manager selection, appointment and monitoring (SAM) – fixed income	<input checked="" type="radio"/>	<input type="radio"/>

The following modules are mandatory to report on as they account for 10% or more of your total AUM or are over USD 10 billion. The ISP (Investment and Stewardship Policy) module is always applicable for reporting.

(1) Yes, report on the module

ISP: Investment and Stewardship Policy	<input checked="" type="radio"/>
(A) Listed equity	<input checked="" type="radio"/>
(B) Fixed income – SSA	<input checked="" type="radio"/>
(C) Fixed income – corporate	<input checked="" type="radio"/>
(E) Fixed income – private debt	<input checked="" type="radio"/>

## ESG/sustainability funds and products

### Labelling and marketing

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Labelling and marketing	GENERAL

What percentage of your assets under management in each asset class are ESG/sustainability marketed funds or products, and/or ESG/RI certified or labelled assets? Percentage figures can be rounded to the nearest 5% and should combine internally and externally managed assets.

	Percentage
(B) Listed equity – active	95.0%
(D) Fixed income – active	80.0%
(K) Other	35.0%



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16.1	CORE	OO 16	ISP 52	PUBLIC	Labelling and marketing	GENERAL

What percentage of your total assets (per asset class) carry a formal ESG/RI certification or label? Percentage figures can be rounded to the nearest 5%.

#### Coverage of ESG/RI certification or label:

(A) Listed equity 60.0%

(B) Fixed income 5.0%

(I) Other 10.0%

## Climate investments

### Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17	CORE	N/A	N/A	PUBLIC	Asset breakdown	GENERAL

What percentage of your assets under management is in targeted low-carbon or climate-resilient investments?

2.0%

# Context and explanation

## ESG in other asset classes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 34	CORE	Multiple, see guidance	N/A	PUBLIC	ESG in other asset classes	1

Describe how you incorporate ESG into the following asset classes.

	Description
(C) Other – internal	<p>ESG integration is mostly used for long-term and bottom-up investment decisions in our Multi-Assets AUM. In addition we have also incorporated various Environmental, Social and Governance indicators in our view generation process that is at the core of our multi-asset investment process. These views will determine whether we add or reduce risk/exposure to and within asset classes. The starting point for our analysis is a quantitative assessment of the markets and the economy which considers fundamental as well as behavioral factors and now also ESG factors. <b>(response continued in row below)</b></p> <p>This analysis is always followed by a qualitative assessment to ensure that information which cannot be captured by quantitative tools is also taken into account. The first component of the view generation process are our proprietary scorecards. In these scorecards we do not only express an opinion on the future direction of the market, but also express our conviction that the market will move in that direction in a numerical number that ranges from -4 (max bearish) to +4 (max bullish). In these scorecards we have included various Environmental, Social and Governance indicators, which like all other indicators that are part of these scorecards, need to pass our rigorous testing framework for their predictive powers before they become part of the scorecard.</p> <p>With regards to the bottom-up analysis of the asset classes that are invested in: here the approach of the relevant investment team is applied (i.e. specific for the strategy, such as high yield bonds or equities)..</p>

# ESG not incorporated

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 35	CORE	Multiple, see guidance	N/A	PUBLIC	ESG not incorporated	1, 2

Describe why you currently do not incorporate ESG into your assets and/or why you currently do not conduct stewardship.

## Description

(E) Internally managed: Fixed income – securitised

Our securitised assets comprise of strategies that are invested in ABS and MBS. For these assets, we do apply our company-wide norms-based restriction criteria on these assets, but due to the nature and available information of the securities, the assets do not meet our own stringent criteria for ESG integration, as the availability and quality of the required data is insufficient. Also, stewardship is difficult to conduct on this asset class, as the securities are often issued via SPVs. We do engage with the related sponsors / related entities when relevant.

# Investment and Stewardship Policy (ISP)

# Responsible investment policy & governance

## Responsible investment policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1	CORE	N/A	ISP 1.1, ISP 1.2	PUBLIC	Responsible investment policy	1

Does your organisation have a formal policy or policies covering your approach to responsible investment? Your approach to responsible investment may be set out in a standalone guideline, covered in multiple standalone guidelines or be part of a broader investment policy. Your policy may cover various responsible investment elements such as stewardship, ESG guidelines, sustainability outcomes, specific climate-related guidelines, RI governance and similar.

- (A) Yes, we do have a policy covering our approach to responsible investment
- (B) No, we do not have a policy covering our approach to responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.1	CORE	ISP 1	Multiple, see guidance	PUBLIC	Responsible investment policy	1

What elements does your responsible investment policy cover? The responsible investment elements may be set out in one or multiple standalone guidelines, or they may be part of a broader investment policy.

- ☒ (A) Overall approach to responsible investment
- ☒ (B) Guidelines on environmental factors
- ☒ (C) Guidelines on social factors
- ☒ (D) Guidelines on governance factors
- ☒ (E) Approach to stewardship
- ☐ (F) Approach to sustainability outcomes
- ☒ (G) Approach to exclusions
- ☒ (H) Asset class-specific guidelines that describe how ESG incorporation is implemented
- ☒ (I) Definition of responsible investment and how it relates to our fiduciary duty
- ☒ (J) Definition of responsible investment and how it relates to our investment objectives
- ☒ (K) Responsible investment governance structure
- ☐ (L) Internal reporting and verification related to responsible investment
- ☒ (M) External reporting related to responsible investment
- ☒ (N) Managing conflicts of interest related to responsible investment

☒ (O) Other responsible investment aspects not listed here, please specify:

Viewpoint policy on our adherence to Belgian Towards Sustainability label

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.2	PLUS	ISP 1	N/A	PUBLIC	Responsible investment policy	1

**What mechanisms do you have in place to ensure that your policies are implemented in an aligned and consistent way across the organisation?**

Our RI framework and a set of interrelated policies provide us with a solid basis on which to make and implement well-informed investment decisions, next to a robust governance structure. To elaborate, NN IP's day-to-day approach to responsible investing (RI) is organised in a structured way. We make sure the relevant people are involved in decision-making, that recommendations are shared and decisions are efficiently implemented. The NN IP Management Board provides strategic direction and the RI Leadership Team oversees the implementation of the RI framework in investment related processes. In order to do this, they receive information and recommendations from a number of sources such as the Controversy and Engagement Council, which coordinates the engagement efforts, and the NN IP ESG committee, which advises the NN Management Board and the NN IP C-suite on the implementation and implications of our norms-based RI criteria and policies. Last but not least, the dedicated RI team is in charge of empowering and enabling the investment teams in integrating ESG factors and to strengthen our Active Ownership activities.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 2	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	6

**Indicate which of your responsible investment policy elements are publicly available and provide links.**

☒ (A) Overall approach to responsible investment. Add link(s):

[https://assets.ctfassets.net/y4nxuejkhx03/6UtRAvWd7jtvHURCdP1mh6/fbed75e6c34f0a7b8ccf0d82bd8f3126/DOC\\_003169](https://assets.ctfassets.net/y4nxuejkhx03/6UtRAvWd7jtvHURCdP1mh6/fbed75e6c34f0a7b8ccf0d82bd8f3126/DOC_003169)

☒ (B) Guidelines on environmental factors. Add link(s):

[https://assets.ctfassets.net/y4nxuejkhx03/6UtRAvWd7jtvHURCdP1mh6/fbed75e6c34f0a7b8ccf0d82bd8f3126/DOC\\_003169](https://assets.ctfassets.net/y4nxuejkhx03/6UtRAvWd7jtvHURCdP1mh6/fbed75e6c34f0a7b8ccf0d82bd8f3126/DOC_003169)

☒ (C) Guidelines on social factors. Add link(s):

[https://assets.ctfassets.net/y4nxuejkhx03/6UtRAvWd7jtvHURCdP1mh6/fbed75e6c34f0a7b8ccf0d82bd8f3126/DOC\\_003169](https://assets.ctfassets.net/y4nxuejkhx03/6UtRAvWd7jtvHURCdP1mh6/fbed75e6c34f0a7b8ccf0d82bd8f3126/DOC_003169)

☒ (D) Guidelines on governance factors. Add link(s):

[https://assets.ctfassets.net/y4nxuejkhx03/6UtRAvWd7jtvHURCdP1mh6/fbed75e6c34f0a7b8ccf0d82bd8f3126/DOC\\_003169](https://assets.ctfassets.net/y4nxuejkhx03/6UtRAvWd7jtvHURCdP1mh6/fbed75e6c34f0a7b8ccf0d82bd8f3126/DOC_003169)

☒ (E) Approach to stewardship. Add link(s):

https://assets.ctfassets.net/y4nxuejkhx03/6Pc2JwL0iwK5rGgQQ0BRJb/12de6770633a5bd5b96d933a283a580d/DOC\_002694

☒ (G) Approach to exclusions. Add link(s):

https://assets.ctfassets.net/y4nxuejkhx03/6UtrAvWd7jtvHURCdP1mh6/fbed75e6c34f0a7b8ccf0d82bd8f3126/DOC\_003169

☒ (H) Asset class-specific guidelines that describe how ESG incorporation is implemented. Add link(s):

https://www.nnip.com/en-INT/professional/about/sustainable-finance-disclosure-regulation

☒ (I) Definition of responsible investment and how it relates to our fiduciary duty. Add link(s):

https://assets.ctfassets.net/y4nxuejkhx03/6UtrAvWd7jtvHURCdP1mh6/fbed75e6c34f0a7b8ccf0d82bd8f3126/DOC\_003169

☒ (J) Definition of responsible investment and how it relates to our investment objectives. Add link(s):

https://assets.ctfassets.net/y4nxuejkhx03/6UtrAvWd7jtvHURCdP1mh6/fbed75e6c34f0a7b8ccf0d82bd8f3126/DOC\_003169

☒ (K) Responsible investment governance structure. Add link(s):

https://go.nnip.com/RI-Report\_2020\_ENG\_wpri

☒ (M) External reporting related to responsible investment. Add link(s):

https://go.nnip.com/RI-Report\_2020\_ENG\_wpri

☒ (N) Managing conflicts of interest related to responsible investment. Add link(s):

https://assets.ctfassets.net/y4nxuejkhx03/567FGH93KUACSMusQ62sKA/377eca7ffc775fe7f391f1e33d937f56/DOC\_002293

☒ (O) Other responsible investment aspects [as specified] Add link(s):

https://assets.ctfassets.net/y4nxuejkhx03/30sJbqQ0K68KQtNi4WuBYb/56e1ce80c03b02669d81bdfd35c50188/DOC\_002700

☐ (P) Our responsible investment policy elements are not publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 3	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

What percentage of your total assets under management are covered by your policy elements on overall approach to responsible investment and/or guidelines on environmental, social and governance factors?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors

AUM coverage of all policy elements in total:

100.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 4	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

Which elements does your exclusion policy include?

- ☒ (A) Legally required exclusions (e.g. those required by domestic/international law, bans, treaties or embargoes)
- ☒ (B) Exclusions based on our organisation's values or beliefs (e.g. regarding weapons, alcohol, tobacco and/or avoiding other particular sectors, products, services or regions)
- ☒ (C) Exclusions based on screening against minimum standards of business practice based on international norms (e.g. OECD guidelines, the UN Human Rights Declaration, Security Council sanctions or the UN Global Compact)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 5	CORE	Multiple, see guidance	N/A	PUBLIC	Responsible investment policy	1

What percentage of your total assets under management are covered by your asset class-specific guidelines that describe how ESG incorporation is implemented?

AUM Coverage:

(A) Listed Equity 100.0%

(B) Fixed Income 100.0%

## Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 6	CORE	N/A	ISP 8	PUBLIC	Governance	1

**Do your organisation's board, chief-level staff, investment committee and/or head of department have formal oversight and accountability for responsible investment?**

- ☒ (A) Board and/or trustees
- ☒ (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- ☒ (C) Investment committee
- ☒ (D) Other chief-level staff, please specify:  
 Chief Finance and Risk Officer (CFRO), Chief Client Officer (CCO) and Chief Human Resources Officer (CHRO)
- ☒ (E) Head of department, please specify department:  
 Head of Fixed Income and RI, Head of Specialised Equity and RI, Head of Innovation & Responsible Investing Platform, head of Product Management & Development, Head of Marketing
- ☐ (F) None of the above roles have oversight and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 7	CORE	N/A	ISP 8	PUBLIC	Governance	1

**In your organisation, which internal or external roles have responsibility for implementing responsible investment?**

- ☒ (A) Board and/or trustees
- ☒ (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- ☒ (C) Investment committee
- ☒ (D) Other chief-level staff [as specified]
- ☒ (E) Head of department [as specified]
- ☒ (F) Portfolio managers
- ☒ (G) Investment analysts
- ☒ (H) Dedicated responsible investment staff
- ☐ (I) Investor relations
- ☒ (J) External managers or service providers
- ☒ (K) Other role, please specify:  
 Risk Management
- ☒ (L) Other role, please specify:  
 Senior Legal Counsel on regulatory developments



☐ (M) We do not have roles with responsibility for implementing responsible investment.

## People and capabilities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8	CORE	ISP 6, ISP 7	ISP 8.1, ISP 8.2	PUBLIC	People and capabilities	General

**What formal objectives for responsible investment do the roles in your organisation have?**

	(1) Board and/or trustees	(2) Chief-level staff	(3) Investment committee	(4) Other chief-level staff [as specified]
(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(D) Objective for ESG performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(F) Other objective related to responsible investment [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) No formal objectives for responsible investment exist for this role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	(5) Head of department [as specified]	(6) Portfolio managers	(7) Investment analysts	(8) Dedicated responsible investment staff
(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Objective for ESG performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Other objective related to responsible investment [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) No formal objectives for responsible investment exist for this role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(10) External managers or service providers	(11) Other role	(12) Other role	
(A) Objective for ESG incorporation in investment activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Objective for ESG performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) No formal objectives for responsible investment exist for this role	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Please specify for "(E) Other objective related to responsible investment".

Percentage of ESG-integrated assets vs total AuM

Please specify for "(F) Other objective related to responsible investment".

Education: passing MIFID continuous education program including RI module & internal RI training

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.1	PLUS	ISP 8	N/A	PUBLIC	People and capabilities	General

**Describe the key responsible investment performance indicators (KPIs) or benchmarks that your organisation uses to compare and assess the performance of your professionals in relation to their responsible investment objectives.**

We integrate our stringent ESG criteria throughout the investment process in our assets under management (AUM) in a broad range of responsible investment strategies. Our definition of an ESG-integrated strategy stipulates that for each investment, all three ESG components must be demonstrably and consistently integrated where applicable throughout the investment process. It is our core belief that ESG integration improves risk-adjusted returns and we aim to grow the amount of ESG-integrated assets. Both at the level of NN IP as well as NN Group, there is a KPI to have at least 80% ESG integrated AUM in 2023, end of 2020 this was 74%. We also use the RI Brand Ranking as a KPI for the senior leaders of our commercial and marketing departments as an indicator for our RI positioning in the market.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.2	CORE	ISP 8	N/A	PUBLIC	People and capabilities	General

Which responsible investment objectives are linked to variable compensation for roles in your organisation?

RI objectives linked to variable compensation for roles in your organisation:

**(1) Board and/or trustees**

(A) Objective for ESG incorporation in investment activities ☐

(E) Other objective related to responsible investment (as specified in ISP 8 option E) ☒

(F) Other objective related to responsible investment (as specified in ISP 8 option F) ☐

**(2) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))**

(A) Objective for ESG incorporation in investment activities ☒

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions) ☐

(E) Other objective related to responsible investment (as specified in ISP 8 option E) ☒

(F) Other objective related to responsible investment (as specified in ISP 8 option F) ☐

---

**(3) Investment committee**

---

(A) Objective for ESG incorporation in investment activities ☒

---

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

---

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions) ☐

---

(E) Other objective related to responsible investment (as specified in ISP 8 option E) ☒

---

(F) Other objective related to responsible investment (as specified in ISP 8 option F) ☐

---

**(4) Other chief-level staff**

---

(F) Other objective related to responsible investment (as specified in ISP 8 option F) ☐

---

**(5) Head of department**

---

(A) Objective for ESG incorporation in investment activities ☒

---

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

---

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions) ☐

---

(E) Other objective related to responsible investment (as specified in ISP 8 option E) ☒

---

(F) Other objective related to responsible investment (as specified in ISP 8 option F) ☐

---

---

**(6) Portfolio managers**

---

(A) Objective on ESG incorporation in investment activities ☒

---

(C) Objective for contributing to the organisation's stewardship activities  
(e.g. through sharing findings from continuous ESG research or  
investment decisions) ☒

---

(E) Other objective related to responsible investment (as specified in ISP 8  
option E) ☒

---

(F) Other objective related to responsible investment (as specified in ISP 8  
option F) ☐

---

**(7) Investment analysts**

---

(A) Objective for ESG incorporation in investment activities ☒

---

(C) Objective for contributing to the organisation's stewardship activities  
(e.g. through sharing findings from continuous ESG research or  
investment decisions) ☒

---

(E) Other objective related to responsible investment (as specified in ISP 8  
option E) ☒

---

(F) Other objective related to responsible investment (as specified in ISP 8  
option F) ☐

---

**(8) Dedicated responsible investment staff**

---

(A) Objective for ESG incorporation in investment activities ☒

---

(B) Objective for contributing to the development of the organisation's  
ESG incorporation approach ☒

---

(C) Objective for contributing to the organisation's stewardship activities  
(e.g. through sharing findings from continuous ESG research or  
investment decisions) ☒

---

(E) Other objective related to responsible investment (as specified in ISP 8  
option E) ☒

---

(F) Other objective related to responsible investment (as specified in ISP 8  
option F) ☐

---

#### (10) External managers or service providers

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions) ☐

(G) We have not linked any RI objectives to variable compensation ☐

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 9	CORE	N/A	N/A	PUBLIC	People and capabilities	General

**How frequently does your organisation assess the responsible investment capabilities and training needs among your investment professionals?**

- ☐ (A) Quarterly or more frequently
- ☐ (B) Bi-annually
- ☒ (C) **Annually**
- ☐ (D) Less frequently than annually
- ☐ (E) On an ad hoc basis
- ☐ (F) We do not have a process for assessing the responsible investment capabilities and training needs among our investment professionals

## Strategic asset allocation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10	CORE	N/A	ISP 10.1	PUBLIC	Strategic asset allocation	1

**Does your organisation incorporate ESG factors into your strategic asset allocation?**

- ☐ (A) We incorporate ESG factors into calculations for expected risks and returns of asset classes
- ☐ (B) We specifically incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes
- ☒ (C) **No, we do not incorporate ESG considerations into our strategic asset allocation**
- ☐ (D) Not applicable, we do not have a strategic asset allocation process

# Stewardship

## Stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 11	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship policy	2

What percentage of your assets under management does your stewardship policy cover?

(A) Listed equity 100.0%

(B) Fixed income 100.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12	CORE	ISP 1.1	ISP 12.1	PUBLIC	Stewardship policy	2

Which elements does your organisation's stewardship policy cover? The policy may be a standalone guideline or part of a wider RI policy.

- ☒ (A) Key stewardship objectives
- ☒ (B) Prioritisation approach of ESG factors and their link to engagement issues and targets
- ☐ (C) Prioritisation approach depending on entity (e.g. company or government)
- ☒ (D) Specific approach to climate-related risks and opportunities
- ☐ (E) Stewardship tool usage across the organisation, including which, if any, tools are out of scope and when and how different tools are used and by whom (e.g. specialist teams, investment teams, service providers, external investment managers or similar)
- ☒ (F) Stewardship tool usage for specific internal teams (e.g. specialist teams, investment teams or similar)
- ☐ (G) Stewardship tool usage for specific external teams (e.g. service providers, external investment managers or similar)
- ☒ (H) Approach to collaboration on stewardship
- ☒ (I) Escalation strategies
- ☒ (J) Conflicts of interest
- ☐ (K) Details on how the stewardship policy is implemented and which elements are mandatory, including how and when the policy can be overruled
- ☒ (L) How stewardship efforts and results should be communicated across the organisation to feed into investment decision-making and vice versa
- ☐ (M) None of the above elements are captured in our stewardship policy



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12.1	PLUS	ISP 12	N/A	PUBLIC	Stewardship policy	2

**Describe any additional details related to your stewardship policy elements or your overall stewardship approach.**

Stewardship can be defined as a fiduciary duty to act responsibly on behalf of the end beneficiary. As an asset manager, we are responsible for improving the long-term value for the end beneficiary. We support this approach and have developed several policies, for instance our voting policy, to ensure we adhere to our responsibilities in this respect. Our Stewardship Policy is based on eight principles and provides an overview of how we implement our commitment to stewardship.

## Stewardship policy implementation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 13	CORE	ISP 1.1	N/A	PUBLIC	Stewardship policy implementation	2

**How is your stewardship policy primarily applied?**

- ☒ (A) It requires our organisation to take certain actions
- ☐ (B) It describes default actions that can be overridden (e.g. by investment teams for certain portfolios)
- ☐ (C) It creates permission for taking certain measures that are otherwise exceptional
- ☐ (D) We have not developed a uniform approach to applying our stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 14	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship policy implementation	2

**How does your organisation ensure that its stewardship policy is implemented by external service providers? Please provide examples of the measures your organisation takes when selecting external providers, when designing engagement mandates and when monitoring the activities of external service providers.**

**Provide examples below:**

(A) Measures taken when selecting external providers:

We select external providers also based on cultural fit next to expertise on the required area

(B) Measures taken when designing engagement mandates for external providers:	When we provide an engagement mandate to an external provider we discuss upfront in length our aim and provide names of companies and we are regularly updated. We stay in regular contact with the provider and participate in calls and share our views on progress
(C) Measures taken to monitor external providers' alignment with our organisation's stewardship policy:	We discuss on a yearly base the overall results and discuss the year ahead based on our engagement themes and focus areas and we discuss and ask feedback on our yearly updated customised voting policy of our proxy voting advisor. We have conversations on a regular base with our relationship managers.

## Stewardship objectives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 15	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship objectives	2

For the majority of assets within each asset class, which of the following best describes your primary stewardship objective?

	(1) Listed equity	(2) Fixed income
(A) Maximise the risk–return profile of individual investments	<input type="radio"/>	<input type="radio"/>
(B) Maximise overall returns across the portfolio	<input type="radio"/>	<input type="radio"/>
(C) Maximise overall value to beneficiaries/clients	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(D) Contribute to shaping specific sustainability outcomes (i.e. deliver impact)	<input type="radio"/>	<input type="radio"/>

## Stewardship prioritisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 16	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship prioritisation	2

What key criteria does your organisation use to prioritise your engagement targets? For asset classes such as real estate, private equity and infrastructure, you may consider this as key criteria to prioritise actions taken on ESG factors for assets, portfolio companies and/or properties in your portfolio. Select up to 3 options per asset class from the list.

	(1) Listed equity	(2) Fixed income
(A) The size of our holdings in the entity or the size of the asset, portfolio company and/or property	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The materiality of ESG factors on financial and/or operational performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific ESG factors with systemic influence (e.g. climate or human rights)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The ESG rating of the entity	<input type="checkbox"/>	<input type="checkbox"/>
(E) The adequacy of public disclosure on ESG factors/performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific ESG factors based on input from clients	<input type="checkbox"/>	<input type="checkbox"/>
(G) Specific ESG factors based on input from beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>
(H) Other criteria to prioritise engagement targets, please specify:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(I) We do not prioritise our engagement targets

Please specify for "(H) Other criteria to prioritise engagement targets".

Our thematic focus areas such as living wage, plastics or palm oil.

Stewardship methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 17	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship methods	2

Please rank the methods that are most important for your organisation in achieving its stewardship objectives. Ranking options: 1 = most important, 5 = least important.

(A) Internal resources (e.g. stewardship team, investment team, ESG team or staff)	1
(B) External investment managers, third-party operators and/or external property managers (if applicable)	5
(C) External paid services or initiatives other than investment managers, third-party operators and/or external property managers (paid beyond a membership fee)	2
(D) Informal or unstructured collaborations with peers	4
(E) Formal collaborative engagements (e.g. PRI-coordinated collaborative engagements, Climate Action 100+, the Initiative Climat International (iCI) or similar)	3

## Collaborative stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18	CORE	Multiple, see guidance	ISP 18.1	PUBLIC	Collaborative stewardship	2

Which of the following best describes your organisation's default position, or the position of the service providers/external managers acting on your behalf, with regards to collaborative stewardship efforts such as collaborative engagements?

- (A) We recognise that stewardship suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- (B) We collaborate when our individual stewardship efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- (C) We collaborate in situations where doing so would minimise resource cost to our organisation
- (D) We do not have a default position but collaborate on a case-by-case basis
- (E) We generally do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18.1	PLUS	ISP 18	N/A	PUBLIC	Collaborative stewardship	2

Describe your position on collaborating for stewardship.

NN IP collaborates with other investors through initiatives on specific focus areas such as climate, the oil and gas sector and palm oil. This enables us to achieve maximum investor influence and pool resources and expertise. Together, we engage with policymakers, legislators and regulators to work on the development of sustainable government policies and financial systems. NN IP's Responsible Investment team acts as the main coordinator to ensure alignment and consistency, and to avoid duplication of work. NN IP is active member of a number of international sustainability initiatives in order to increase the impact of the capital we can put to work. Examples of these initiatives are Eumedion, RSPO, IIGCC, Climate Action 100+ - for the latter, NN IP leads some engagements.

## Escalation strategies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 19	PLUS	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

**Which of these measures did your organisation, or the service providers/external managers acting on your behalf, use most frequently when escalating initial stewardship approaches that were deemed unsuccessful?**

	(1) Listed equity	(2) Fixed income
(A) Collaboratively engaging the entity with other investors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Filing/co-filing/submitting a shareholder resolution or proposal	<input type="checkbox"/>	<input type="checkbox"/>
(C) Publicly engaging the entity (e.g. open letter)	<input type="checkbox"/>	<input type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input type="checkbox"/>	<input type="checkbox"/>
(E) Voting against the chair of the board of directors	<input type="checkbox"/>	<input type="checkbox"/>
(F) Voting against the annual financial report	<input type="checkbox"/>	<input type="checkbox"/>
(G) Divesting or implementing an exit strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(H) We did not use any escalation measures during the reporting year. Please explain why below	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 20	CORE	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

**If initial stewardship approaches were deemed unsuccessful, which of the following measures are excluded from the potential escalation actions of your organisation or those of the service providers/external managers acting on your behalf?**

	(1) Listed equity	(2) Fixed income
(A) Collaboratively engaging the entity with other investors	<input type="checkbox"/>	<input type="checkbox"/>
(B) Filing/co-filing/submitting a shareholder resolution or proposal	<input type="checkbox"/>	<input type="checkbox"/>
(C) Publicly engaging the entity (e.g. open letter)	<input type="checkbox"/>	<input type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input type="checkbox"/>	<input type="checkbox"/>
(E) Voting against the chair of the board of directors	<input type="checkbox"/>	<input type="checkbox"/>
(F) Voting against the annual financial report	<input type="checkbox"/>	<input type="checkbox"/>
(G) Divesting or implementing an exit strategy	<input type="checkbox"/>	<input type="checkbox"/>
(H) We do not have any restrictions on the escalation measures we can use	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## Alignment and effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 21	PLUS	Multiple, see guidance	N/A	PUBLIC	Alignment and effectiveness	2

**Describe how you coordinate stewardship across your organisation to ensure that stewardship progress and results feed into investment decision-making and vice versa.**

The NN IP Controversy & Engagement Council (the Council) plays a key role in our active approach as share- and debtholders. Its role is to monitor engagements, assess controversies and provide recommendations to the ESG Committee on the appropriate steps to take. They also monitor progress made by companies who are in the process of remedying past controversies. Acting in an advisory capacity, the Council meets on a regular basis to discuss engagement activities and updates, and determines the next steps required to achieve the engagement objectives at the individual company level.

The Council is chaired by a member of the Responsible Investment team. Its members include portfolio managers and analysts, as well as representatives from NN Group's Investment Office and Corporate Citizenship Department. This way, the portfolio managers and analysts can also bring in topics that arise from the ESG analysis that is done on the investments. Vice versa, the companies and topics discussed in the Council meetings are shared with the investment teams via the various Council members.

The Council makes recommendations to the ESG Committee and maintains a database of all our engagement dialogues and progress, which is accessible to all the investment teams. We believe that ongoing engagement on ESG related topics with companies does not stand in the way of ambitious voting behaviour. We see voting as an additional mechanism to voice our concerns and expectations and further build on our engagement efforts.

Combining insights and ensuring the Council advice is mandatory for decisions on stewardship activities and its connection with the voting activities ensures alignment.

## Stewardship examples

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 22	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship examples	2

**Describe stewardship activities that you participated in during the reporting year that led to desired changes in the entity you interacted with. Include what ESG factor(s) you engaged on and whether your stewardship activities were primarily focused on managing ESG risks and opportunities or delivering sustainability outcomes.**

(1) Engagement type

(2) Primary goal of stewardship activity



(A) Example 1	a) Internally (or service provider) led	a) Managing ESG risks/opportunities
(B) Example 2	a) Internally (or service provider) led	b) Delivering sustainability outcomes
(C) Example 3	b) Collaborative	c) Both managing ESG risks and delivering outcomes
	<b>(3) The ESG factors you focused on in the stewardship activity</b>	<b>(4) Description of stewardship activity and the desired change(s) you achieved</b>
(A) Example 1	<p>We engage with companies active in cacao sector to encourage companies to more closely monitor their supply chains for the existence of child labour. Our approach is to ask companies in the cocoa sector to make certain commitments, including set-ting up child labour monitoring and remediation systems (CLMRS). We also ask that companies formulate strategies to foster children's rights in cocoa-growing communities, particularly in areas such as education, child protection and health.</p>	<p>In a 2020 engagement meeting, cocoa maker Mondelez said that 66% of communities supplying it with cocoa had CLMRS in place. The company mentioned that it aims for this to be rolled out in all West African Cocoa Life communities (Mondelez's farmer programme) by 2025. The company also measures how many children gain access to school in cocoa communities, partnering with local stakeholders and NGOs.</p>
(B) Example 2	<p>During 2020, we had several discussions with Shell on corporate governance and its ambition to become a net-zero emission leading energy company.</p>	<p>The firm's announced strategy change has led to an increased focus on what actions Shell is undertaking to achieve its objective by addressing, for example, how it aims to sustain its societal license to operate, how it focuses capital expenditures on renewable energy sources, and how its remuneration is tied to strategic corporate objectives.</p>
(C) Example 3	<p>During 2020, we had several discussions with PGE (Poland) as part of Climate Action 100+ engagement where we are lead investor on engagement. It was on climate risk management and carbon reductions.</p>	<p>In 2020 PGE published a new strategy that contained, among other things, a commitment to carbon neutrality by 2050. The company's longterm strategic goal is for 100% of the energy it sells to come from renewable sources by 2050</p>

## Engaging policymakers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23	CORE	N/A	Multiple, see guidance	PUBLIC	Engaging policymakers	2

**How does your organisation, or the external investment managers or service providers acting on your behalf, engage with policymakers for a more sustainable financial system?**

- ☒ (A) We engage with policymakers directly
- ☒ (B) We provide financial support, are members of and/or are in another way affiliated with third-party organisations, including trade associations and non-profit organisations, that engage with policymakers
- ☐ (C) We do not engage with policymakers directly or indirectly

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.1	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

**What methods do you, or the external investment managers or service providers acting on your behalf, use to engage with policymakers for a more sustainable financial system?**

- ☐ (A) We participate in "sign-on" letters on ESG policy topics. Describe:
- ☒ (B) We respond to policy consultations on ESG policy topics. Describe:  
 NN IP participated either by themselves or via fund associations or other member organisations such as Eumedion in Netherlands, feedback on EU Sustainable Finance plan consultations such as SFDR (through e.g. EFAMA) and related topics.
- ☒ (C) We provide technical input on ESG policy change. Describe:  
 NN IP provided feedback on the draft SFDR regulations either ourselves or via Dutch Fund association (DUFAS).
- ☒ (D) We proactively engage financial regulators on financial regulatory topics regarding ESG integration, stewardship, disclosure or similar. Describe:  
 NN IP proactively reached out to Dutch regulator AFM on SFDR related topics and participated actively in conversations initiated by the regulator to explore ESG related topics.
- ☒ (E) We proactively engage regulators and policymakers on other policy topics. Describe:

NN IP participated in conversations initiated by us with Dutch government officials and Members of Parliament on topics related to sustainable finance in the broader sense of the word.

☐ (F) Other methods used to engage with policymakers. Describe:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.2	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

**Do you have governance processes in place (e.g. board accountability and oversight, regular monitoring and review of relationships) that ensure your policy activities, including those through third parties, are aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?**

**● (A) Yes, we have governance processes in place to ensure that our policy activities are aligned with our position on sustainable finance and our commitment to the 6 Principles of the PRI. Describe your governance processes:**

The NN IP RI policy is aligned with regulatory requirements, the NN Group RI Framework policy, NN IP's investment approach and risk appetite, and the best interests of our clients. It reflects risk perspectives resulting from applicable legislation such as the Sustainable Finance Disclosure Regulation (SFDR), which forms part of the EU's Sustainable Finance Action Plan. Furthermore, it takes into account our commitments arising from our status as a PRI signatory and the requirements attached to responsible investing labels we have received or applied for. The policy also regards regulatory risk. This risk relates to the legislation, regulations and standards that cover responsible investments and the failure to identify, interpret and implement these in a timely way. NN IP has an RI governance structure in place in which multidisciplinary expertise is embedded and mandated to oversee, drive, and implement RI regulatory requirements. We make sure the relevant people are involved in decision-making, that recommendations are shared and decisions are efficiently implemented. The NN IP Board provides strategic direction and the RI Leadership Team oversees the implementation of the RI Framework in investment-related processes. In this governance structure, the NN IP ESG Committee has an important role in making recommendations and decisions related to our policies.

○ (B) No, we do not have these governance processes in place. Please explain why not:

## Engaging policymakers – Policies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24	CORE	ISP 23	ISP 24.1	PUBLIC	Engaging policymakers – Policies	2

**Do you have policies in place that ensure that your political influence as an organisation is aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?**

● (A) Yes, we have a policy(ies) in place. Describe your policy(ies):

In our Stewardship policy we describe how we act responsibly as an asset manager as we are responsible for improving the long-term value for the end beneficiary. We have developed several policies to ensure we adhere and are steadfast in our approach. In this policy we reflect on managing conflicts of interest and on ethical conduct where we refer to our company's core values 'Care, clear, commit' and on our Code of Conduct. We engage with policymakers either ourselves and / or via local or international fund associations and we respond either ourselves or via them on policy consultations. In our stance we encourage and support the EU Sustainable Finance Action plan and argued in favor of related regulation. In our upcoming evaluation of our Stewardship policy, we will make a more direct reference to the EU Sustainable Finance action plan and our support for this. Our parent, NN Group is registered in the EU Transparency register under number 493416718971-18 since 2015.

○ (B) No, we do not a policy(ies) in place. Please explain why not:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24.1	CORE	ISP 24	N/A	PUBLIC	Engaging policymakers – Policies	2

**Is your policy that ensures alignment between your political influence and your position on sustainable finance publicly disclosed?**

● (A) Yes. Add link(s):

[https://assets.ctfassets.net/y4nxuejkhx03/6Pc2JwL0iwK5rGgQQ0BRJb/12de6770633a5bd5b96d933a283a580d/DOC\\_002694](https://assets.ctfassets.net/y4nxuejkhx03/6Pc2JwL0iwK5rGgQQ0BRJb/12de6770633a5bd5b96d933a283a580d/DOC_002694)

○ (B) No, we do not publicly disclose this policy(ies)

## Engaging policymakers – Transparency

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 25	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers – Transparency	2

During the reporting year, did your organisation publicly disclose your policy engagement activities or those conducted on your behalf by external investment managers/service providers?

☐ (A) We publicly disclosed details of our policy engagement activities. Add link(s):

☒ (B) We publicly disclosed a list of our third-party memberships in or support for trade associations, think-tanks or similar that conduct policy engagement activities with our support or endorsement. Add link(s):

[https://assets.ctfassets.net/y4nxuejkhx03/6KUbs7YiRApBRnT2JI7Des/782db9f3473e42d3d60bf3c782b1704a/DOC\\_002696](https://assets.ctfassets.net/y4nxuejkhx03/6KUbs7YiRApBRnT2JI7Des/782db9f3473e42d3d60bf3c782b1704a/DOC_002696)

☐ (C) No, we did not publicly disclose our policy engagements activities during the reporting year. Explain why:

☐ (D) Not applicable, we did not conduct policy engagement activities

## Climate change

### Public support

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 26	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Paris Agreement?

☒ (A) Yes, we publicly support the Paris Agreement Add link(s) to webpage or other public document/text expressing support for the Paris Agreement:

[https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNFUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC\\_002698](https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNFUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC_002698)

☐ (B) No, we currently do not publicly support the Paris Agreement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 27	CORE	N/A	N/A	PUBLIC	Public support	General

**Does your organisation publicly support the Task Force on Climate-Related Financial Disclosures (TCFD)?**

● (A) Yes, we publicly support the TCFD Add link(s) to webpage or other public document/text expressing support for the TCFD:

Link:[https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC\\_002698](https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC_002698) Link:  
<https://www.fsb-tcfd.org/supporters/>

○ (B) No, we currently do not publicly support the TCFD

## Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 28	CORE	N/A	N/A	PUBLIC	Governance	General

**How does the board or the equivalent function exercise oversight over climate-related risks and opportunities?**

☑ (A) By establishing internal processes through which the board or the equivalent function are informed about climate-related risks and opportunities. Specify:

There are several bodies on management level that are responsible for driving and overseeing the integration of RI in our investment process and informing and advising the NN IP Board on related topics such as climate. The Strategy and Implementation Steering Committee (SISC) key mandate is to drive, oversee and implement the ambition to become leader in Responsible Investing, which includes the responsibility for the strategic vision on the RI ambition and corresponding roadmap. In addition, the SISC identifies, initiates, and drives the RI change program projects, which includes topics such as our climate ambition, RI regulation and client reporting. The SISC updates NN IP's board with a frequency of at least every quarter. Next to the SISC we have the ESG Committee, the committee's objectives are to advise the NN IP Board on RI policy matters such as the climate change policy. They work to integrate climate-related risks and opportunities into our investment strategies. The ESG Committee is chaired by NN IP's CIO. NN IP's approach to responsible investing is organised in a structured way, based on a robust governance structure that is designed to ensure that recommendations are shared, the relevant people are involved in decision-making, and decisions are efficiently implemented. This governance is described in our Climate Change Policy [https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC\\_002698](https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC_002698) and in the NN IP RI Report 2020.

☑ (B) By articulating internal/external roles and responsibilities related to climate. Specify:

The NN IP Board has appointed a Chief Sustainability Officer (CSO), who advises the board and the CEO directly on sustainability matters and challenges including climate change. The CSO is an active member in the Strategy and Implementation Steering Committee (SISC) and the ESG Committee. The CEO of NN IP ensures alignment between NN IP Board and NN Group Management Board.

☑ (C) By engaging with beneficiaries to understand how their preferences are evolving with regard to climate change. Specify:

NN IP manages the assets of NN Group's insurance businesses, our largest client. NN is committed to advocate and work towards transitioning their proprietary investment portfolio to net-zero greenhouse gas emissions by 2050, to align with the 1.5°C target of the Paris Agreement. This commitment was announced at NNs Capital Markets Day on 24 June 2020. To develop and steer the net-zero target, NN established the Paris Alignment Council. The Council includes members from NN Group's Investment Office and NN IP and is chaired by the Chief Investment Officer of NN Group. The CIO is a member of IIGCC Board and a strong proponent of incorporating climate change risks into investment decisions. NN IP is actively involved in this council with two permanent members. These two members are NN IPs Head of Fixed Income and the Head of Innovation & RI Platform and are both senior managers. In this council NN IP actively engages with our largest client to understand how their preferences are evolving with regards to climate change and we help develop strategies to transition their portfolio towards net-zero. More information can be found in the TCFD section of the NN Group annual report.

☒ **(D) By incorporating climate change into investment beliefs and policies. Specify:**

Climate change is incorporated in our Responsible Investing framework via the Climate Change policy and is an integral part of our Materiality Framework. We identify both risks and opportunities arising from the energy transition and physical climate change for the sectors and activities in which we are involved. We view it as our fiduciary duty to take into account financially material climate change risks and to manage our portfolios in the optimal way on behalf of our clients. Our climate approach is under-pinned by the following beliefs:

- To limit the impact on society and achieve our clients' ambitions, we commit to improving our understanding of how our investment activities contribute to climate change.
- Corporate engagement is among the best ways of ensuring that investee companies manage climate-related risks and take action on the transition to a low-carbon economy.
- Investors have a key role in financing the transition to a low carbon economy. Through our products and investment decisions, we incentivise mitigation of climate change and adaptation to its effects.
- Climate change and environmental factors can lead to material risks and opportunities for the companies and securities we invest in. They therefore play an important role in our ESG integration efforts and resulting investment decisions. Moreover, we put capital to work to accelerate the transition to a low carbon economy and prefer approaches and/or methods which provide the best opportunities to deliver impact in the real economy.

Link to Climate Change Policy:

[https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC\\_002698](https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC_002698)

☒ **(E) By monitoring progress on climate-related metrics and targets. Specify:**

As mentioned in previous answers, the Strategy and Implementation Steering Committee (SISC) of NN IP meets frequently to discuss progress on RI-related topics in general and climate-related metrics and targets in particular. Two members have a dedicated responsibility for the climate ambition. Link to Climate Change Policy:

[https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC\\_002698](https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC_002698)

☒ **(F) By defining the link between fiduciary duty and climate risks and opportunities. Specify:**

Climate change is incorporated in our Climate Change policy and we identify both risks and opportunities arising from the energy transition and physical climate change for the sectors and activities in which we are involved. We view it as our fiduciary duty to take into account financially material climate change risks and to manage our portfolios in the optimal way on behalf of our clients. Link to Climate Change Policy:

[https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC\\_002698](https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC_002698)

☐ (G) Other measures to exercise oversight, please specify:

☐ (H) The board or the equivalent function does not exercise oversight over climate-related risks and opportunities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 29	CORE	N/A	N/A	PUBLIC	Governance	General

**What is the role of management in assessing and managing climate-related risks and opportunities?**

**☑ (A) Management is responsible for identifying climate-related risks/opportunities and reporting them back to the board or the equivalent function. Specify:**

NN IP's senior management are leading members of both the SISC (steering committee) and ESG committee of NN IP, both playing a crucial role in overseeing our climate ambition and responsible for our climate policy. Next to that the CSO (Chief Sustainability Officer) informs the NN IP Board directly on matters such as climate change, including risks and opportunities. We have set up a cross-functional Climate task force which also includes the Head of Fixed income and Head of Equity and RI team members and CSO, that will further drive the development and roll-out of our climate change approach. This taskforce reports progress on a monthly basis to the SISC. Below the committees are described in more detail Climate change risks and opportunities is one of the subjects that is frequently discussed in the Strategy and Implementation Steering Committee (SISC). The SISC's key mandate is to drive, oversee and implement the ambition to become leader in Responsible Investing, which includes the responsibility for the strategic vision on the RI ambition and corresponding roadmap. In addition, the SISC identifies, initiates, and drives the RI change program projects, which includes topics such as climate ambition. It is chaired by the Head of Innovation & RI Platform and comprises of the Chief Sustainability Officer and senior manager representatives of business segments such as Investment departments, Product Management & Development, and Sales & Marketing. The SISC updates NN IP's board with a frequency of at least every quarter. This oversight is in addition to the ESG Committee, which works to integrate climate-related risks and opportunities into our investment strategies. The ESG Committee is chaired by NN IP's CIO and comprises members from the Responsible Investing Team, the RI Leadership Team and senior representatives of business segments such as Risk and Product Management & Development. It meets on a quarterly basis. The committee's objectives are to advise the NN IP Board on topics such as RI policy matters and investments-related RI goals and targets. They work to integrate climate-related risks and opportunities into our investment strategies. In addition, the ESG Committee oversees the decision-making process related to engagements and exclusions, such as exclusions on thermal coal and tar sands. The ESG committee frequently updates the NN IP board. The RI Leadership Team oversees responsible investing developments and ensure ongoing ESG integration, including climate change at strategy level, with the overarching goal of prioritizing and supporting NN IP's responsible investing activities. Its members are also responsible for supporting innovation, particularly in enriching data and in our sustainable and impact investing solutions. The team consists of four senior managers. These are the Head of Fixed Income, Head of Equity, Head of Innovation & RI Platform and Head of Multi-assets. Together, they drive our ambition to be a leader in responsible investing and our commitment to deliver attractive returns in a responsible manner to clients.

This is described in our Climate Change Policy

[https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC\\_002698](https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC_002698) and in our RI report 2020

**☑ (B) Management implements the agreed-upon risk management measures. Specify:**

The ESG Committee's objectives are to advise the NN IP Board on formal NN IP RI policies which also includes our Climate Change policy. In addition they advise the NN ESG Policy committee on the implementation of the NN RI Framework policy, as well as on the addition or removal of individual issuers on the NN exclusions list for various RI related reasons, including climate change and environmental issues. This list is implemented via Risk management and overseen by ESG committee. The ESG Committee is chaired by NN IP's CIO and comprises members from the Responsible Investing Team, the RI Leadership Team and senior representatives of business segments such as Risk and Product Management & Development and CSO. The Strategy and Implementation Steering Committee (SISC), which supports the ESG Committee, drives and oversees our RI ambition and its implementation across all departments. It is chaired by the Head of Innovation & RI Platform and comprises senior representatives of business segments such as investment departments, Product Management & Development, and Sales & Marketing. The SISC oversees long-running transition projects related to topics such as climate change and RI regulation, and they advise NN IP's Board.

This is described in our Climate Change Policy

[https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC\\_002698](https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC_002698)

**☑ (C) Management monitors and reports on climate-related risks and opportunities. Specify:**



The Strategy and Implementation Steering Committee (SISC) is responsible for driving and overseeing RI developments and ensuring that we integrate climate-related risks/opportunities into our strategy. This oversight is in addition to the ESG Committee, which works to integrate climate-related risks and opportunities into our investment strategies. The ESG committee frequently updates the NN IP board. The SISC is chaired by the Head of Innovation & RI Platform and comprises senior representatives of business segments such as investment departments, Product Management & Development, and Sales & Marketing. Furthermore, Since December 2020 we formally support the TCFD and we will start reporting following the recommendations of the TCFD. This is also overseen by SISC.

This is described in our Climate Change Policy

[https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC\\_002698](https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC_002698).

☒ (D) Management ensures adequate resources, including staff, training and budget, are available to assess, implement and monitor climate-related risks/opportunities and measures. Specify:

The Strategy and Implementation Steering Committee (SISC) is responsible for the allocation of adequate resources and has approved the set-up of a climate change task force. We have set up this cross-functional task force that will further drive the development and roll-out of our climate change approach. This taskforce reports progress on a monthly basis to the RI SISC.

This is described in our Climate Change policy

[https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC\\_002698](https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/c5569be83b6ecc6108bcd0e5058f5d07/DOC_002698) and in our 2020 RI report

☐ (E) Other roles management takes on to assess and manage climate-related risks/opportunities, please specify:

☐ (F) Our management does not have responsibility for assessing and managing climate-related risks and opportunities

## Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30	CORE	N/A	Multiple, see guidance	PUBLIC	Strategy	General

Which climate-related risks and opportunities has your organisation identified within its investment time horizon(s)?

☒ (A) Specific financial risks in different asset classes. Specify:

In order to obtain more insight into specific drivers of climate-related risk and opportunity which may impact investment performance, NN IP has in collaboration with NN carried out a scenario analysis for NN's proprietary assets (which is roughly 60% of our total AuM). As the analysis was done on a sector and regional level this analysis is also relevant for NN IP's other portfolios. Where relevant data set and scenarios were available, different time horizons and climate change transition scenarios were considered. All NNIP analysts and portfolio managers have access to this study. The corporate climate change scenario analysis can be used by corporate equity, as well as corporate fixed income teams. We have identified transition risks and opportunities and physical climate change vulnerability and opportunities for fifteen different segments globally within and beyond our investment horizon (Oil, Power Generation – Fossil Fuels, Gas, Automotives, Manufacturing, construction, Chemicals, Telecommunications and Internet, Food and Beverage, Real Estate, Rail and Road Transport, Air and Marine Transport, Healthcare, Power generation – Low Carbon and Technology).

☒ (B) Specific sectors and/or assets that are at risk of being stranded. Specify:

The corporate climate change scenario analysis can be used by corporate equity, as well as corporate fixed income teams. We have identified transition risks and opportunities and physical climate change vulnerability and opportunities for fifteen different segments globally (Oil, Power Generation – Fossil Fuels, Gas, Automotives, Manufacturing, construction, Chemicals, Telecommunications and Internet, Food and Beverage, Real Estate, Rail and Road Transport, Air and Marine Transport, Healthcare, Power generation – Low Carbon and Technology). In the corporate climate change scenario analysis we have identified two sectors that have high transition risk in 2030. These sectors are Construction and chemicals. For 2022 we have identified no sectors that have high risk, but two sectors with moderate transition risk: Food and Beverage and Power generation – Low Carbon. Those sectors that have been identified as having high transition risk have a higher probability of being stranded relative to those sectors that are identified as having lower transition risk. Furthermore, NN Investment Partners (NN IP) together with NN Group has made the decision to place investment restrictions on companies involved in thermal coal mining and oil sands. The rationale to take this decision was partly based on our belief that these fossil fuel supplies point can no longer earn an economic return as a result of a transition to a low carbon economy.

Link to Statement on Coal:

[https://assets.ctfassets.net/y4nxuejkhx03/4Rd667cxnSFMzgB93B1eov/2acd994477a0a8742505a358b5cf4161/DOC\\_003131](https://assets.ctfassets.net/y4nxuejkhx03/4Rd667cxnSFMzgB93B1eov/2acd994477a0a8742505a358b5cf4161/DOC_003131)

☒ (C) Assets with exposure to direct physical climate risk. Specify:

For the following sectors we have identified an increased vulnerability to direct physical climate change risks. For the telecommunications and internet sector we have identified an increased vulnerability to extreme rainfall and flooding risk. Companies within the regions with heavy storms and associated conditions, which could rise in frequency and severity in future can be impacted directly (e.g. through damage to cabling). For the oil and gas sector we have identified an increased vulnerability to cyclones and storm surges. These events lead to direct impacts from wind shear and can also lead to consequential coastal flooding which might have an impact upon marine and coastal facilities. For the real estate sector we have identified an increased vulnerability to extreme rainfall and flooding. Extreme rainfall and flooding events are likely to increase in the future and represent a risk in most locations around the world. The commercial real estate sector, being located in almost every type of geographical location and climate, is very likely to be impacted by such extreme rainfall events. For the rail and road transport sector we have identified an increased vulnerability to extreme rainfall and flooding. Climate change is likely to cause an increase in both the severity and frequency of extreme rainfall. Extreme rainfall and associated flooding - including from river, surface, groundwater and coastal areas - is a major driver of costs and impacts to transportation infrastructure, typically leading to damage and down-time across all global regions.

☒ (D) Assets with exposure to indirect physical climate risk. Specify:

For the food and beverage sector we have identified an increased vulnerability to drought and water stress. The food and beverage segment has a direct sensitivity to water stress associated with their operations and supply chain. Limited availability will materially harm potential for revenue and profitability of businesses. For the power generation – fossil fuels sector we have identified an increased vulnerability to drought and water stress. Thermal power sources have high water cooling demands. A reduction in water supply will likely lead to prolonged plant downtime. Although gas power plants have lower water needs than coal power plants, water stress remains a major vulnerability for the sector.

☒ (E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:

In 2030 we have identified four sectors that have high transition opportunities. These sectors are Gas, Power Generation – Low Carbon, Automotives and Chemicals. For 2022 we have identified two sectors with high transition opportunities: Automotives and Chemicals.

☒ (F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:

We have targeted low-carbon and climate-resilient investments. These investments contribute significantly to our goals of incentivizing mitigation of climate change and adaptation to its effects. Our Green Bond strategies and our Climate & Environment impact fund specifically target these goals. These goals are also described in our climate change policy. In total the AuM in these targeted investments total to €3.65bn . Also see our Climate Change Policy

[https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNFUaVk34sLemwbzbl/0e447378f779800191cb81f8fbfe05f0/DOC\\_002698](https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNFUaVk34sLemwbzbl/0e447378f779800191cb81f8fbfe05f0/DOC_002698)

☐ (G) Other climate-related risks and opportunities identified. Specify:

☐ (H) We have not identified specific climate-related risks and opportunities within our organisation's investment time horizon

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30.1	CORE	ISP 30	N/A	PUBLIC	Strategy	General

For each of the identified climate-related risks and opportunities, indicate within which investment time-horizon they were identified.

	(1) 3–5 months	(2) 6 months to 2 years	(3) 2–4 years	(4) 5–10 years
(A) Specific financial risks in different asset classes [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(C) Assets with exposure to direct physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(D) Assets with exposure to indirect physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	(5) 11–20 years	(6) 21–30 years	(7) >30 years	
(A) Specific financial risks in different asset classes [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Assets with exposure to direct physical climate risk [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Assets with exposure to indirect physical climate risk [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 31	CORE	N/A	N/A	PUBLIC	Strategy	General

**Which climate-related risks and opportunities has your organisation identified beyond its investment time horizon(s)?**

☒ **(A) Specific financial risks in different asset classes. Specify:**

NN IP has in collaboration with NN carried out a scenario analysis for NN's proprietary assets (which is roughly 60% of our total AuM). Where relevant data set and scenarios were available, different time horizons and climate change transition scenarios were considered. The longest time horizon considered in this analysis is 2040 which is beyond our usual investment horizon. We have identified transition risks and opportunities and physical climate change vulnerability and opportunities for fifteen different segments globally within and beyond our investment horizon (Oil, Power Generation – Fossil Fuels, Gas, Automotives, Manufacturing, construction, Chemicals, Telecommunications and Internet, Food and Beverage, Real Estate, Rail and Road Transport, Air and Marine Transport, Healthcare, Power generation – Low Carbon and Technology).

☒ **(B) Specific sectors and/or assets that are at risk of being stranded. Specify:**

In the corporate climate change scenario analysis we have identified several sectors that have high transition risk in 2040. These sectors are: Oil, Real estate, Power generation, Automotives, Construction, Chemicals and Manufacturing. Those sectors that have been identified as having high transition risk have a higher probability of being stranded relative to those sectors that are identified as having medium or lower transition risk. Furthermore, NN Investment Partners (NN IP) together with NN Group has made the decision to place investment restrictions on companies involved in thermal coal mining and oil sands. The rationale to take this decision was partly based on our belief that these fossil fuel suppliers point can no longer earn an economic return as a result of a transition to a low carbon economy. Companies that derive more than 30% of their revenues from mining thermal coal are restricted.

Link to Climate Policy

[https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/0e447378f779800191cb81f8fbfe05f0/DOC\\_002698](https://assets.ctfassets.net/y4nxuejkhx03/7HDPqNfUaVk34sLemwbzbl/0e447378f779800191cb81f8fbfe05f0/DOC_002698)

☒ (C) Assets with exposure to direct physical climate risk. Specify:

For the following sectors we have identified an increased vulnerability to direct physical climate change risks. For the telecommunications and internet sector we have identified an increased vulnerability to extreme rainfall and flooding risk. Companies within the regions with heavy storms and associated conditions, which could rise in frequency and severity in future can be impacted directly (e.g. through damage to cabling). For the oil and gas sector we have identified an increased vulnerability to cyclones and storm surges. These events lead to direct impacts from wind shear and can also lead to consequential coastal flooding which might have an impact upon marine and coastal facilities. For the real estate sector we have identified an increased vulnerability to extreme rainfall and flooding. Extreme rainfall and flooding events are likely to increase in the future and represent a risk in most locations around the world. The commercial real estate sector, being located in almost every type of geographical location and climate, is very likely to be impacted by such extreme rainfall events. For the rail and road transport sector we have identified an increased vulnerability to extreme rainfall and flooding. Climate change is likely to cause an increase in both the severity and frequency of extreme rainfall. Extreme rainfall and associated flooding - including from river, surface, groundwater and coastal areas - is a major driver of costs and impacts to transportation infrastructure, typically leading to damage and down-time across all global regions.

☒ (D) Assets with exposure to indirect physical climate risk. Specify:

For the food and beverage sector we have identified an increased vulnerability to drought and water stress. The food and beverage segment has a direct sensitivity to water stress associated with their operations and supply chain. Limited availability will materially harm potential for revenue and profitability of businesses. For the power generation – fossil fuels sector we have identified an increased vulnerability to drought and water stress. Thermal power sources have high water cooling demands. A reduction in water supply will likely lead to prolonged plant downtime. Although gas power plants have lower water needs than coal power plants, water stress remains a major vulnerability for the sector.

☒ (E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:

In order to obtain more insight into specific drivers of climate-related risk and opportunity which may impact investment performance, NN IP has in collaboration with NN carried out a scenario analysis for NN's proprietary assets (which is roughly 60% of our total AuM). As the analysis was done on a sector and regional level this analysis is also relevant for NN IP's other portfolios. Where relevant data set and scenarios were available, different time horizons and climate change transition scenarios were considered. All NNIP analysts and portfolio managers have access to this study. The corporate climate change scenario analysis can be used by corporate equity, as well as corporate fixed income teams. We have identified transition risks and opportunities and physical climate change vulnerability and opportunities for fifteen different segments globally (Oil, Power Generation – Fossil Fuels, Gas, Automotives, Manufacturing, construction, Chemicals, Telecommunications and Internet, Food and Beverage, Real Estate, Rail and Road Transport, Air and Marine Transport, Healthcare, Power generation – Low Carbon and Technology). In the corporate climate change scenario analysis we have identified several sectors that have high transition opportunity in 2040. These sectors are: Oil, Gas, Power generation – Low Carbon, Automotives, Construction, Chemicals, Technology and Manufacturing.

☐ (F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:

☐ (G) Other climate-related risks and opportunities identified, please specify:

☐ (H) We have not identified specific climate-related risks and opportunities beyond our organisation's investment time horizon

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 32	PLUS	N/A	N/A	PUBLIC	Strategy	General

**Describe the impact of climate-related risks and opportunities on your organization's investment strategy, products (where relevant) and financial planning.**

NN Group and NN IP endorse the recommendations of the FSB Task Force on Climate-related Financial Disclosures (TCFD). A consistent and comparable disclosure framework helps us as an insurer and long-term investor, to more effectively assess the financial implications of climate change. Our conclusion is that based on the assessments of these climate related risks, NN IP does not see that climate related risks could have a direct impact on the capital position of NN IP. Below more in detail. The implementation of the recommendations of the TCFD is instrumental in delivering on the commitments of the Paris Agreement. In our view climate change risk management and the oversight of company boards on this topic are of importance both from transitional and physical risk perspective. We attach value to company disclosures on their performance on this topic as well as the risks they identify. This enables us to assess the current and future climate risk and the climate resilience of the business model in a company or issuer. The transition towards a low carbon economy needs besides risk management also the awareness of opportunities as both climate mitigation as well as adaption are two pillars of combatting climate change that result in a more resilient view and practices. To obtain more insight into specific drivers of climate-related risk and opportunity which may impact investment performance, NN IP has in collaboration with NN carried out a climate scenario analysis for NN's proprietary assets (which is roughly 60% of our total AuM). As the analysis was done on a sector and regional level this analysis is also relevant for NN IP's other portfolios.

Where relevant data set and scenarios were available, different time horizons and climate change transition scenarios were considered. All NNIP analysts and portfolio managers have access to this study. The corporate climate change scenario analysis can be used by corporate equity, as well as corporate fixed income teams. We have identified transition risks and opportunities and physical climate change vulnerability and opportunities for fifteen different segments globally within and beyond our investment horizon (Oil, Power Generation – Fossil Fuels, Gas, Automotives, Manufacturing, construction, Chemicals, Telecommunications and Internet, Food and Beverage, Real Estate, Rail and Road Transport, Air and Marine Transport, Healthcare, Power generation – Low Carbon and Technology). Transition risks are financial risks related to the emerging lower-carbon economy. The global transition to a lower-carbon economy might impact the asset side of our balance sheet through our investments. This is the case when the pricing of financial assets does not fully reflect the risk of different transition pathways. Besides public policy, a potential re-pricing of financial assets could be influenced by factors such as technological developments and changing consumer preferences. Whilst these risks may be more mid to long term, our investments might also be exposed to short term risks such as a sudden change in market sentiment around climate risks, for example, for specific industries in which we invest. For NN IP the impact identified above will be mostly indirect as it could impact our AUM and therefore our revenue. Due to the high allocations to Eurozone government bonds and diversification within the corporate fixed income and equity portfolios, the exposure to the highest emitting sectors in our portfolio is relatively limited.

In addition, risk profiles of our fund ranges are currently well within the risk boundaries allowed, besides in 2018 we announced to restrict all investments in oil sands companies. The analysis performed showed limited impact on our overall portfolio positioning and identified risk on AUM/revenues was considered limited. Transition risks might also impact some revenue streams when we fail to adjust product propositions in time to the changing view on incorporating sustainability based requirements. Physical risks relate to the physical consequences of climate change. They could for instance be event-driven, such as increased severity and frequency of severe weather events (e.g. hurricanes and floods). These risks are particularly relevant to the non-life insurance business. Physical risks might also impact our investment portfolio. For example, a severe wind-storm or flood in Europe that damages the buildings underlying our real estate portfolio could result in asset impairments, which might have a financial impact on our investors, but not directly on the capital position of NN IP. Extreme natural catastrophes can cause economic damage, potentially indirectly impacting financial markets through the real economy. Within our corporate bonds and equity analysis ESG risks are included in the analyst assessment. Within loans specific focus is put on security packages and protection (a.o. via insurance) of our collateral.

## Strategy: Scenario analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33	CORE	N/A	ISP 33.1	PUBLIC	Strategy: Scenario analysis	General

Does your organisation use scenario analysis to assess climate-related investment risks and opportunities? Select the range of scenarios used.

- ☒ (A) An orderly transition to a 2°C or lower scenario
- ☒ (B) An abrupt transition consistent with the Inevitable Policy Response
- ☒ (C) A failure to transition, based on a 4°C or higher scenario
- ☐ (D) Other climate scenario, specify:
- ☐ (E) We do not use scenario analysis to assess climate-related investment risks and opportunities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33.1	PLUS	ISP 33	N/A	PUBLIC	Strategy: Scenario analysis	General

Describe how climate scenario analysis is used to test the resilience of your organisation's investment strategy and inform investments in specific asset classes.

- ☒ (A) An orderly transition to a 2°C or lower scenario

In order to obtain more insight into specific drivers of climate-related risk and opportunity which may impact investment performance, NN IP has in collaboration with NN carried out a scenario analysis for NN's proprietary assets (which is roughly 60% of our total AuM). As the analysis was done on a sector and regional level this analysis is also relevant for NN IP's other portfolios. Where relevant data set and scenarios were available, different time horizons and climate change transition scenarios were considered. 1. A business-as-usual (BAU) scenario (which trends towards 3.7 of average global warming by 2100). For this analysis the IEA 2018 WEO Current Policies Scenario (CPS) and the IEA 2017 ETP Reference Technology Scenario (RTS) were used. 2. A low carbon transition scenario which focusses on achieving an emission trajectory median temperature rise of around 1.7°C to 1.8°C in 2100. For this analysis IEA Sustainable Development Scenario (SDS) and the IEA 2017 ETP 2 Degrees Scenario (2DS) were used. For both of the scenarios we looked at different time horizons; 2022, 2030 and 2040. The analysis started in 2019 and has been finalized in 2020. For each sector that was considered a key climate driver has been identified for both transition and physical risks and opportunities. The key climate drivers were proposed by an third party consultant and validated by our sector analysts. For each of the sectors, in each of the time horizons, the Climate Portfolio Screen depicts both the transition risk and opportunity as well as the physical vulnerability and opportunity as 'Low', 'Moderate', or 'High'. This rating is determined by the difference in the value of the key climate factor (selected for the specific sector) between the business-as-usual and the 2°C scenario in the specific time horizon. The larger the difference between those values, the larger the risk or opportunity. This assessment has been done on global and regional level. The scenario analysis shows that for a global and diversified portfolio, the effects of climate change are moderate in the short term, but can be more prominent in the longer term.

Before 2030, we foresee large transitions in, for example, the construction and chemical sectors. For the Oil, automotive and manufacturing sector we foresee a moderate risk. Toward 2040 we foresee an increase in risks for sectors such as oil & gas, utilities, automotive, and manufacturing. In the short term we see opportunities for the automotive sector and chemical sector. For 2030 we see moderate to high opportunities for several different sectors and in 2040 most sectors show moderate to high opportunities expect for food and beverage , power generation (fossil fuels) , transport and healthcare. For NN Group a supplementary analysis has been carried out mapping the their exposure, mostly corporate bonds within the non-financial corporates for the different time horizons. This showed that although the number of sectors that may be impacted by high transition risks (and opportunity) is increasing, NN's relative portfolio exposures to these sectors are moderate as investments are running off before that date. This gives the opportunity to steer new investment decisions towards the companies that are likely to be best positioned for the transition to a low carbon economy. The outcomes of this scenario analysis has been shared with the investment teams and are used alongside other information from our proprietary ESG corporate and sovereign indicator, materiality framework and other sources of information. We have limited this initial analysis to a single climate factor which is likely to drive material risk and opportunity. In reality however, the investment risk/opportunity will be determined by multiple complex and inter-connecting drivers. Nevertheless, the Climate Portfolio Screen is useful to highlight potential segments of highest risk and/or opportunity which helps us to inform prioritisation of further analytical work and other actions. Furthermore, the physical risks of climate change have only touched upon physical vulnerability of an industry, giving its specific activities, products or services. Key factor determining the risk for individual investments is typically location based, and since our analysis was performed on a global level, the location of assets within the portfolio has not been considered. Finally, our analysis did not determine financial impact, but rather a qualitative assessment of potential climate-related risk/vulnerability and/or opportunity. It should be noted that the extent to which the portfolio is vulnerable to climate risks depends not only on the underlying sector or regions, but also on the risk characteristics of the particular asset class. Our portfolio is mainly invested in corporate bonds, which are generally assumed to be less affected than equity investments. For instance, a recent EIOPA insurance sec-tor stress test also took this assumption. This could be a further area for future analysis..

☑ **(B) An abrupt transition consistent with the Inevitable Policy Response**

In 2020 we used a Carbon Stress scenarios from Aladdin by Blackrock, to assess the resilience of our investment strategies towards different carbon tax regimes. Three different Carbon Price regimes are used: 1. Phased Carbon price, 2. Accelerated Carbon Price 3. Redistribution Carbon Price. We consider the second regimes as an abrupt regime as it expects an acceleration of carbon pricing schemes. It should be noted that we currently cannot not use these stress tests as some the current assumptions in the Carbon Stress Scenarios from Aladdin were found to be outdated. Mostly because of the quite remarkable 2020 in terms of volatility and performance, an status updated is expected soon.

☑ **(C) A failure to transition, based on a 4°C or higher scenario**

In order to obtain more insight into specific drivers of climate-related risk and opportunity which may impact investment performance, NN IP has in collaboration with NN carried out a scenario analysis for NN's proprietary assets (which is roughly 60% of our total AuM). As the analysis was done on a sector and regional level this analysis is also relevant for NN IP's other portfolios. Where relevant data set and scenarios were available, different time horizons and climate change transition scenarios were considered.

1. A business-as-usual (BAU) scenario (which trends towards 3.7 of average glob-al warming by 2100). For this analysis the IEA 2018 WEO Current Policies Scenario (CPS) and the IEA 2017 ETP Reference Technology Scenario (RTS) were used.
2. A low carbon transition scenario which focusses on achieving an emission trajectory median temperature rise of around 1.7°C to 1.8°C in 2100. For this analysis IEA sustainable Development Scenario (SDS) and the IEA 2017 ETP 2 Degrees Scenario (2DS) were used.



For both of the scenarios we looked at different time horizons; 2022, 2030 and 2040. The analysis started in 2019 and has been finalized in 2020. For each sector that was considered a key climate driver has been identified for both transition and physical risks and opportunities. The key climate drivers were proposed by an third party consultant and validated by our sector analysts. For each of the sectors, in each of the time horizons, the Climate Portfolio Screen depicts both the transition risk and opportunity as well as the physical vulnerability and opportunity as 'Low', 'Moderate', or 'High'. This rating is determined by the difference in the value of the key climate factor (selected for the specific sector) between the business-as-usual and the 2°C scenario in the specific time horizon. The larger the difference between those values, the larger the risk or opportunity. This assessment has been done on global and regional level. The scenario analysis shows that for a global and diversified portfolio, the effects of climate change are moderate in the short term, but can be more prominent in the longer term. Before 2030, we foresee large transitions in, for example, the construction and chemical sectors. For the Oil, automotive and manufacturing sector we foresee a moderate risk. Toward 2040 we foresee an increase in risks for sectors such as oil & gas, utilities, automotive, and manufacturing. In the short term we see opportunities for the automotive sector and chemical sector. For 2030 we see moderate to high opportunities for several different sectors and in 2040 most sectors show moderate to high opportunities expect for food and beverage, power generation (fossil fuels), transport and healthcare. For NN Group a supplementary analysis has been carried out mapping the their exposure, mostly corporate bonds within the non-financial corporates for the different time horizons. This showed that although the number of sectors that may be impacted by high transition risks (and opportunity) is increasing, NN's relative portfolio exposures to these sectors are moderate as investments are running off before that date. This gives the opportunity to steer new investment decisions towards the companies that are likely to be best positioned for the transition to a low carbon economy. The outcomes of this scenario analysis has been shared with the investment teams and are used alongside other information from our proprietary ESG corporate and sovereign indicator, materiality framework and other sources of information. We have limited this initial analysis to a single climate factor which is likely to drive material risk and opportunity. In reality however, the investment risk/opportunity will be determined by multiple complex and inter-connecting drivers. Nevertheless, the Climate Portfolio Screen is useful to highlight potential segments of highest risk and/or opportunity which helps us to inform prioritisation of further analytical work and other actions. Furthermore, the physical risks of climate change have only touched upon physical vulnerability of an industry, giving its specific activities, products or services. Key factor determining the risk for individual investments is typically location based, and since our analysis was performed on a global level, the location of assets within the portfolio has not been considered. Finally, our analysis did not determine financial impact, but rather a qualitative assessment of potential climate-related risk/vulnerability and/or opportunity. It should be noted that the extent to which the portfolio is vulnerable to climate risks depends not only on the underlying sector or regions, but also on the risk characteristics of the particular asset class. Our portfolio is mainly invested in corporate bonds, which are generally assumed to be less affected than equity investments. For instance, a recent EIOPA insurance sector stress test also took this assumption. This could be a further area for future analysis.

## Risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 34	PLUS	ISP 30	N/A	PUBLIC	Risk management	General

### Which risk management processes do you have in place to identify and assess climate-related risks?

☒ (A) Internal carbon pricing. Describe:

In 2020 we used a Carbon Stress scenarios from Aladdin by Blackrock, to assess the resilience of our investment strategies towards different carbon tax regimes. Three different Carbon Price regimes are used: 1. Phased Carbon price, 2. Accelerated Carbon Price 3. Redistribution Carbon Price. We currently do not use these stress tests as some the current assumptions were found to be outdated, mainly because of the quite remarkable year 2020 in terms of volatility and performance. A status update is expected soon.

☐ (B) Hot spot analysis. Describe:

☐ (C) Sensitivity analysis. Describe:

☐ (D) TCFD reporting requirements on external investment managers where we have externally managed assets. Describe:

☒ (E) TCFD reporting requirements on companies. Describe:

As part of our engagement activities we engage on the importance of transparency, disclosure and reporting. We are part of the Climate Action 100+ engagement with investee companies in the oil and gas, utilities, metal & mining and chemicals sector; one of the objectives is to encourage companies to adopt the TCFD framework. In our utilities engagement programme we also encourage utilities to adopt TCFD. In other climate related engagements such as with palm oil and cattle companies, we do encourage companies to be transparent and to disclose climate-related risks, although we do not recommend a specific reporting tool/ format as the relevancy depends on industry standards.

☒ (F) Other risk management processes in place, please describe:

We have developed our proprietary materiality framework to identify material environmental, social and governance issues on an industry level. This approach unlocks potential value by identifying associated risks and opportunities. The materiality framework has four pillars

1. Business model,
2. Governance,
3. Environmental,
4. Social.

Under the pillar environment we look at material risks of climate change. Under the pillar business model we also look at environmental innovation and opportunities. To assess climate change risks of a company or issuer, the material ESG issues are linked with specific performance issues. Our analysts look at data from corporate disclosures and as well as from external data providers and they make use of our proprietary corporate and sovereign ESG indicators. These tools allow us to assess the performance of companies on ESG issues such as climate change and captures measures such as GHG emissions, involvement in fossil fuels and electric vehicle production. The data from the ESG indicators reveal how each company scores on different ESG factors compared to its sector average and show if there are any structural issues or controversies relating to people, planet and society. Our investment teams incorporate these ESG analyses into their investment cases, while also analysing their materiality for each company that is reviewed for investment. This process is applied to equities and corporate bonds. A similar procedure is in place for government bonds, but instead of using ESG data on a company level, we look at country data.

☐ (G) We do not have any risk management processes in place to identify and assess climate-related risks

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 35	PLUS	Multiple, see guidance	N/A	PUBLIC	Risk management	General

**In which investment processes do you track and manage climate-related risks?**

☒ (A) In our engagements with investee entities, and/or in engagements conducted on our behalf by service providers and/or external managers. Describe:

We see climate change as a material risk especially in the sectors with the highest emissions such as the utilities and oil and gas sector. In our engagements we incentivise companies to align with the Paris Agreements, implement a strong governance framework and disclose their emission, targets and progress on climate change issues.

- We engage with oil and gas companies on the risk of climate change and need to transition to a low- carbon economy. In this we collaborate with PRI and the Climate Action 100+
- In 2020 we started engagement with electric utilities on the need to transition to a low-carbon economy and need to phase out coal, we do parts of this engagements by ourselves and partly join Climate Action 100+ engagements.
- We engage with palm oil growers, traders and regional banks on the risk associated with deforestation
- We engage with companies in the soy sector on deforestation-related risks in their supply chain.

We take an engagement-led (dis)investment approach in stimulating the transition to a low carbon economy. In some cases, engagement is not deemed feasible and unlikely to change a company's conduct or involvement in specific business activities, in those cases we have set the following restrictions:

- We restrict investments in companies that derive more than 30% of their revenue from thermal coal mining.
- We restrict investments in companies that have a share of oil sands higher than 30% of total oil and gas average production in barrels of oil equivalent per day. For our sustainable and impact strategies we have set stricter criteria:
- Thermal coal: the threshold is set at 10% of revenue. Furthermore, these strategies will not finance electricity utilities involved in constructing additional coal- or nuclear-based power production installations.
- Unconventional oil and gas: we apply a maximum revenue threshold of 10% of combined exposure to all forms of unconventional oil (shale, oil sands and Arctic). These strategies also do not finance companies with expansion plans for unconventional oil and gas extraction.

☒ **(B) In (proxy) voting conducted by us, and/or on our behalf by service providers and/or external managers. Describe:**

We use our voting rights on climate change by: • Voting against re-election of board members from companies that do not disclose their carbon emissions. • Voting for proposals for disclosures on climate change risks and opportunities following guidelines from the Task Force on Climate-related Financial Disclosures (TCFD). • Supporting proposals that request a company to consider energy efficiency and renewable energy sources in its business strategy. • Voting in favour of proposals for the development of a climate change strategy. • Voting in favour of value-enhancing resolutions that ask businesses to reduce greenhouse gas (GHG) emissions • Voting against re-appointment of the incumbent directors if no short-, medium- and long- term targets are disclosed for at least Scope 1 and 2 GHG emissions . • Not supporting a company's annual report and account if it fails to disclose non-financial ESG information that we consider material to the company.

☒ **(C) In our external investment manager selection process. Describe:**

We use an ESG questionnaire to assess to what extent ESG is integrated by external managers in the selection process. In this questionnaire there are several climate related questions and range from whether or not these managers have a climate policy to more specific topics such as if they use climate benchmarks (EU Paris Alignment, Climate transition) and what other kind of climate change related strategies are offered. The outcomes of these questionnaires are used in the selection process.

☒ **(D) In our external investment manager monitoring process. Describe:**

We use an annual questionnaire to monitor to what extent ESG is integrated by external managers. In this questionnaire we ask the same questions as specified in answer C. The outcomes of the questionnaire are used to determine how external managers integrate ESG. If there are 'red flags' signaled (e.g. an external manager does not do anything on climate), next steps are taken to inform us on details.

☐ **(E) In the asset class benchmark selection process. Describe:**

☒ **(F) In our financial analysis process. Describe:**

We have developed our proprietary materiality framework to identify material environmental, social and governance issues on an industry level. This approach unlocks potential value by identifying associated risks and opportunities. The materiality framework has four pillars 1. Business model, 2. Governance, 3. Environmental and 4. Social. Under the pillar environment we look at material risks of climate change. Under the pillar business model we also look at environmental innovation and opportunities. To assess climate change risks of a company or issuer, the material ESG issues are linked with specific performance issues. Our analysts look at data from corporate disclosures and as well as from external data providers and they make use of our proprietary corporate and sovereign ESG indicators. These tools allow us to assess the performance of companies on ESG issues such as climate change and captures measures such as GHG emissions, involvement in fossil fuels and electric vehicle production. The data from the ESG indicators reveal how each company scores on different ESG factors compared to its sector average and show if there are any structural issues or controversies relating to people, planet and society. Our teams incorporate these ESG analyses into their investment cases, while also analysing their materiality for each company that is reviewed for investment. This process is applied to equities and corporate bonds. A similar procedure is in place for government bonds, but instead of using ESG data on a company level, we look at country data.

- ☐ (G) Other investment process(es). Describe:
- ☐ (H) We are not tracking and managing climate-related risks in specific investment processes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 36	PLUS	N/A	N/A	PUBLIC	Risk management	General

**How are the processes for identifying, assessing and managing climate-related risks incorporated into your organisation's overall risk management?**

- ☐ (A) The risk committee or the equivalent function is formally responsible for identifying, assessing and managing climate risks. Describe:

☒ (B) Climate risks are incorporated into traditional risks (e.g. credit risk, market risk, liquidity risk or operational risk).

**Describe:**

Sustainability risks are monitored on a weekly basis for all our investment portfolios using our proprietary ESG indicator and underlying score. Environment/climate is an element of the overall ESG score and more particular for the environment subscore. The environment score consists among others of analyses of carbon intensity, water and waste pollution. Climate risks are also part of the NN IP Norms-based RI criteria that apply to all assets in which we have set restrictions on activities such as oil sands and thermal coal mining.

☒ (C) Climate risks are prioritised based on their relative materiality, as defined by our organisation's materiality analysis.

**Describe:**

We have developed our proprietary materiality framework to identify material environmental, social and governance issues on an industry level. This approach unlocks potential value by identifying associated risks and opportunities. The materiality framework has four pillars 1. Business model, 2. Governance, 3. Environmental and 4. Social. Under the pillar environment we look at material risks of climate change and the pillar business model we also look at environmental innovation and opportunities. To assess climate change risks of a company or issuer, the material ESG issues are linked with specific performance issues. Our analysts look at data taken from corporate disclosures and external data providers, and make use of our proprietary corporate and sovereign ESG indicators. These tools will allow us to assess the performance of companies on ESG issues such as climate change and captures measures such as GHG emissions, involvement in fossil fuels, electric vehicle production. The data from the ESG indicators reveal how each company scores on different ESG factors compared to its sector average and show if there are any structural issues or controversies relating to people, planet and society. Our teams incorporate these ESG analyses into their investment cases, while also analysing their materiality for each company that is reviewed for investment. This process is applied to equities and corporate bonds. A similar procedure is in place for government bonds, but instead of using ESG data on a company level, we look at country data.

- ☐ (D) Executive remuneration is linked to climate-related KPIs. Describe:
- ☐ (E) Management remuneration is linked to climate-related KPIs. Describe:
- ☐ (F) Climate risks are included in the enterprise risk management system. Describe:
- ☒ (G) Other methods for incorporating climate risks into overall risk management, please describe:

Climate Risk is also part of risk reporting NN IP is subject to report on to regulators in the Dutch financial market. (ICAAP reporting)

☐ (H) Processes for identifying, assessing and managing climate-related risks are not integrated into our overall risk management

## Metrics and targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37	PLUS	N/A	ISP 37.1	PUBLIC	Metrics and targets	General

### Have you set any organisation-wide targets on climate change?

☒ (A) Reducing carbon intensity of portfolios

☒ (B) Reducing exposure to assets with significant climate transition risks

☐ (C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes

☐ (D) Aligning entire group-wide portfolio with net zero

☒ (E) Other target, please specify:

NN Group (our biggest client) has in 2020 made the commitment to strive for net-zero investment portfolio by 2050 aligning with 1.5 degree target of Paris Alignment. In March of 2021 NN IP joined the Net Zero Asset Manager Initiative and made the commitment to strive for net-zero investment by 2050 for (parts of) our portfolio. We have set up a climate change taskforce that will develop and implement our climate change approach. Within one year of joining we will specify the scope of this commitment (thus share of assets under management) and set interim targets for 2030.

☐ (F) No, we have not set any climate-related targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37.1	PLUS	ISP 37	N/A	PUBLIC	Metrics and targets	General

### Provide more details about your climate change target(s).

	(1) Absolute- or intensity-based	(2) The timeframe over which the target applies: Years [Enter a value between 1 and 100]
(B) Reducing exposure to assets with significant climate transition risks	(2) Intensity-based	2019
(E) Other target [as specified]	(1) Absolute-Based	30
	(3) Baseline year [between 1900–2020]	(5) Target date dd/mm/yyyy
(B) Reducing exposure to assets with significant climate transition risks	2019	
(E) Other target [as specified]	2019	01/01/2050

(7) Interim targets or KPIs used to assess progress against the target

(8) Other details

(B) Reducing exposure to assets with significant climate transition risks

We take an engagement-led (dis)investment approach in stimulating the transition to a lowcarbon economy. In some cases, however, engagement is not deemed feasible and is unlikely to change a company's conduct or involvement in specific business activities. In those cases, we have set the following restrictions: • We restrict investments in companies that derive more than 30% of their revenue from thermal coal mining. • We restrict investments in companies that have a share of oil sands higher than 30% of total oil and gas average production in barrels of oil equivalent per day. **(response continued in row below)**

For our sustainable and impact strategies we have set stricter criteria: For thermal coal, the threshold is set at 10% of revenue. Furthermore, these strategies will not finance electricity utilities involved in constructing additional coal- or nuclear-based power production installations. • For unconventional oil and gas, we apply a maximum revenue threshold of 10% of combined exposure to all forms of unconventional oil (shale, oil sands and Arctic). These strategies also do not finance companies with expansion plans for unconventional oil and gas extraction..

(E) Other target [as specified]

tbd

NN Group has in 2020 made the commitment to strive for net-zero investment portfolio by 2050 aligning with 1.5 degree target of Paris Alignment. In March of 2021 NN IP will also join the Net Zero Asset Manager Initiative and make the commitment to strive for net-zero investment by 2050 for a part of our portfolio. We have set up a climate change taskforce that will develop and implement our climate change approach. Within one year of joining we will specify the scope of this commitment (thus share of assets under management) and set interim targets for 2030.

## Metrics and targets: Transition risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38	PLUS	N/A	ISP 38.1	PUBLIC	Metrics and targets: Transition risk	General

What climate-related metric(s) has your organisation identified for transition risk monitoring and management?

☒ (A) Total carbon emissions

☒ (B) Carbon footprint

☒ (C) Carbon intensity

☐ (D) Weighted average carbon intensity

☐ (E) Implied temperature warming

☐ (F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)

☐ (G) Avoided emissions metrics (real assets)

☒ (H) Other metrics, please specify:

Use big data to track a company's performance on energy management and transition and we take into consideration an issuer or companies ambition to act in accordance with Paris Agreement.

☐ (I) No, we have not identified any climate-related metrics for transition risk monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38.1	PLUS	ISP 38	N/A	PUBLIC	Metrics and targets: Transition risk	General

Provide details about the metric(s) you have identified for transition risk monitoring and management.

(1) Coverage of AUM		(2) Purpose
(A) Total carbon emissions	(3) for a minority of our assets	The metrics are part of the NN IP ESG Lens that allows the investment teams to uncover potential financial material risks fast by using external data and combining those fields that are considered material to construct our own proprietary score
(B) Carbon footprint	(3) for a minority of our assets	The metrics are part of the NN IP ESG Lens that allows the investment teams to uncover potential financial material risks fast by using external data and combining those fields that are considered material to construct our own proprietary score.
(C) Carbon intensity	(3) for a minority of our assets	The metrics are part of the NN IP ESG Lens that allows the investment teams to uncover potential financial material risks fast by using external data and combining those fields that are considered
(H) Other metrics [as specified]	(3) for a minority of our assets	The metrics are part of the NN IP ESG Lens that allows the investment teams to uncover potential financial material risks fast by using external data and combining those fields that are considered material to construct our own proprietary score.
(3) Metric unit		(4) Methodology



(A) Total carbon emissions	Scope 1, 2 and 3 emissions CO2 tonnes	News (TVL), hard data from reports (Refinitiv) and expert analysis (Sustainalytics) are combined to create the ranking. The Indicator scores companies on their ESG performance. It uses a materiality framework to determine per sector what is material per E, S and G. This metric is used along other metrics to form the environmental score
(B) Carbon footprint	Scope 1, 2 and 3 emissions CO2 tonnes	News (TVL), hard data from reports (Refinitiv) and expert analysis (Sustainalytics) are combined to create the ranking. The Indicator scores companies on their ESG performance. It uses a materiality framework to determine per sector what is material per E, S and G. This metric is used along other metrics to form the environmental score.
(C) Carbon intensity	Carbon emissions in relation to total revenues. For certain sectors such as financial we calculate the emission relation to total assets	News (TVL), hard data from reports (Refinitiv) and expert analysis (Sustainalytics) are combined to create the ranking. The Indicator scores companies on their ESG performance. It uses a materiality framework to determine per sector what is material per E, S and G. This metric is used along other metrics to form the environmental score.
(H) Other metrics [as specified]	n.a.	TruValueLabs

#### (5) Disclosed value

(A) Total carbon emissions	Sum of scope 1, 2 & 3 CO2-equivalent emissions in tonnes per million Euro debt the company has outstanding. Debt is expressed in book value. Sum of scope 1, 2 & 3 CO2-equivalent emissions in tonnes per million Euro Enterprise Value (EV is calculated as the sum of debt the company has outstanding + sum of equity the company has issued). Debt is expressed in book value and equity is expressed in market value. Sum of scope 1, 2 & 3 CO2-equivalent emissions in tonnes per million Euro equity the company has issued. Equity is expressed in market value.
----------------------------	--

(B) Carbon footprint	Sum of scope 1, 2 & 3 CO2-equivalent emissions in tonnes per million Euro debt the company has outstanding. Debt is expressed in book value. Sum of scope 1, 2 & 3 CO2-equivalent emissions in tonnes per million Euro Enterprise Value (EV is calculated as the sum of debt the company has outstanding + sum of equity the company has issued). Debt is expressed in book value and equity is expressed in market value. Sum of scope 1, 2 & 3 CO2-equivalent emissions in tonnes per million Euro equity the company has issued. Equity is expressed in market value.
(C) Carbon intensity	Sum of scope 1, 2 & 3 CO2-equivalent emissions in tonnes per million Euro revenue the company has generated over the last reported year. In case of revenue not reported in Euro, the FX rate as per company report date is applied to convert.
(H) Other metrics [as specified]	n.a.

## Metrics and targets: Physical risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 39	PLUS	N/A	ISP 39.1	PUBLIC	Metrics and targets: Physical risk	General

**What climate-related metric(s) has your organisation identified for physical risk monitoring and management?**

- ☒ (A) Weather-related operational losses for real assets or the insurance business unit
- ☐ (B) Proportion of our property, infrastructure or other alternative asset portfolios in an area subject to flooding, heat stress or water stress
- ☐ (C) Other metrics, please specify:
- ☐ (D) Other metrics, please specify:
- ☐ (E) We have not identified any metrics for physical risk monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 39.1	PLUS	ISP 39	N/A	PUBLIC	Metrics and targets: Physical risk	General

Provide details about the metric(s) you have identified for physical risk monitoring and management.

(1) Coverage of AUM		(2) Purpose
(A) Weather-related operational losses for real assets or the insurance business unit	(3) for a minority of our assets	As part of the climate change risk scenario analysis we also did an assessment of the physical risk for mortgages. in the Netherlands are amongst other related to property damage caused by natural events, which could either lead to a value decrease of collateral and/or impact the ability of homeowners to (re)pay their mortgage. Natural events include amongst others floods, drought and windstorms
(3) Metric unit		(4) Methodology
(A) Weather-related operational losses for real assets or the insurance business unit		As scenarios, we have used: • The Royal Netherlands Meteorological Institute (KNMI) 2014 WH climate scenario, from 'Klimaat-effectatlas' (Climate Impact Atlas)1; a more severe scenario that results in a +2°C increase on average by 2050 (and +4°C increase on average by 2100, aligned with a business-as-usual trajectory). The WH scenario is based on the RCP8.5 emission and land use scenarios of the IPCC. For the flood hazard in the Klimaat-effectatlas dataset it is assumed that for primary flood defenses all necessary improvements will be made so that the defenses comply with the protection levels defined in the Dutch Water Act. <b>(response continued in row below)</b>

(Potential improvements to regional defenses are not considered this dataset). • A baseline scenario, where we have considered the 'Risicokaart' dataset2. The flood hazard in this dataset is presented for two types of areas: those that are protected by primary or regional water defence structures, and those that are not. **(response continued in row below)**

---

Furthermore it considers: (i) Elevated water levels at sea or in rivers, due to natural events; (ii) Breakthrough of primary dykes or water defences along the main water system (large rivers and sea) and; (iii) Breakthrough of regional dykes or water defences along smaller rivers. Water levels were modelled using flooding simulations or by comparing river highwater levels with the elevation of the surrounding area. We used comparable data points from both scenario datasets to inform on probability and impact on water depth levels: >80cm for baseline and >50cm for future scenario; and 1 in 100 years for baseline, and '1 in 30 till 1 in 300 years' for future scenario.. **(response continued in row below)**

---

We used comparable data points from both scenario datasets to inform on probability and impact on water depth levels: >80cm for base-line and >50cm for fu-ture scenario; and 1 in 100 years for baseline, and '1 in 30 till 1 in 300 years' for future scenar-io. The analysis shows po-tential impact for individ-ual properties situated in regions with increased risk for flood events. **(response continued in row below)**

---

However, this impact is not significant for NN as a whole given the geographical properties of the mortgage portfolio. Whilst keeping in mind that datasets need to further evolve, we carefully concluded that the risks of flood events did not seem to increase in the future scenario taking into account the planned investments in the flood risk schemes in the Netherlands. **(response continued in row below)**

---

When considering the homeowners where loan-to-value or loan-to-income metrics are in in the highest category of our internal risk categorisations, we see that there are some pockets of risks in the medium to high flood hazard areas. As such, we believe this is an aspect that we need to include in our future monitoring of our clients as well as the stress tests that we conduct for our risk management. This also takes into consideration that these households may also face a financial burden related to the energy transition..

---

# Sustainability outcomes

## Identify sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 43	CORE	N/A	Multiple, see guidance	PUBLIC	Identify sustainability outcomes	1

Has your organisation identified the intended and unintended sustainability outcomes from any of its activities?

- ☐ (A) No, we have not identified the sustainability outcomes from our activities  
☒ (B) Yes, we have identified one or more sustainability outcomes from some or all of our activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44	CORE	ISP 43	ISP 44.1	PUBLIC	Identify sustainability outcomes	1

What frameworks/tools did your organisation use to identify the sustainability outcomes from its activities? Indicate the tools or frameworks you have used to identify and map some or all of your sustainability outcomes.

- ☒ (A) The UN Sustainable Development Goals (SDGs) and targets  
☒ (B) The Paris Agreement  
☒ (C) The UN Guiding Principles on Business and Human Rights (UNGPs)  
☒ (D) The OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors  
☐ (E) The EU Taxonomy  
☐ (F) Other taxonomies (e.g. similar to the EU Taxonomy), please specify:  
☒ (G) Other framework/tool, please specify:  
 NN's Values  
☒ (H) Other framework/tool, please specify:  
 Green Bond Principles  
☐ (I) Other framework/tool, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44.1	CORE	ISP 44	N/A	PUBLIC	Identify sustainability outcomes	1

**At what level(s) did your organisation identify the sustainability outcomes from its activities?**

- ☐ (A) At the asset level  
☐ (B) At the economic activity level  
☒ (C) At the company level  
☐ (D) At the sector level  
☐ (E) At the country/region level  
☐ (F) At the global level  
☒ (G) Other level(s), please specify:  
 portfolio level

☐ (H) We do not track at what level(s) our sustainability outcomes were identified

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 45	CORE	ISP 43	SO 1	PUBLIC	Identify sustainability outcomes	1

**How has your organisation determined your most important sustainability outcome objectives?**

- ☒ (A) Identifying sustainability outcomes that are closely linked to our core investment activities  
☐ (B) Consulting with key clients and/or beneficiaries to align with their priorities  
☐ (C) Assessing the potential severity (e.g. probability and amplitude) of specific negative outcomes over different timeframes  
☒ (D) Focusing on the potential for systemic impacts (e.g. due to high level of interconnectedness with other global challenges)  
☐ (E) Evaluating the potential for certain outcome objectives to act as a catalyst/enabler to achieve a broad range of goals (e.g. gender or education)  
☒ (F) Analysing the input from different stakeholders (e.g. affected communities, civil society or similar)  
☒ (G) Understanding the geographical relevance of specific sustainability outcome objectives  
☐ (H) Other method, please specify:  
☐ (I) We have not yet determined our most important sustainability outcome objectives

# Transparency & Confidence-Building Measures

## Information disclosed – ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 46	CORE	OO 16	N/A	PUBLIC	Information disclosed – ESG assets	6

For the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets, what information about your ESG approach do you (or the external investment managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- ☒ (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- ☒ (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- ☒ (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- ☒ (D) A description of our investment process and how ESG is considered
- ☒ (E) ESG objectives of individual funds
- ☐ (F) Information about the ESG benchmark(s) that we use to measure fund performance
- ☒ (G) Our stewardship approach
- ☒ (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- ☒ (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- ☒ (J) A list of our main investments and holdings
- ☒ (K) ESG case study/example from existing fund(s)
- ☐ (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets



## Client reporting – ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 48	CORE	Multiple, see guidance	N/A	PUBLIC	Client reporting – ESG assets	6

What ESG information is included in your client reporting for the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets?

- ☒ (A) Qualitative analysis, descriptive examples or case studies
- ☒ (B) Quantitative analysis or key performance indicators (KPIs) related to ESG performance
- ☐ (C) Progress on our sustainability outcome objectives
- ☒ (D) Stewardship results
- ☒ (E) Information on ESG incidents, where applicable
- ☐ (F) Analysis of ESG contribution to portfolio financial performance
- ☐ (G) We do not include ESG information in client reporting for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets

## Information disclosed – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 49	CORE	N/A	N/A	PUBLIC	Information disclosed – All assets	6

For the majority of your total assets under management, what information about your ESG approach do you (or the external managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- ☒ (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- ☒ (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- ☒ (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- ☒ (D) A description of our investment process and how ESG is considered
- ☒ (E) ESG objectives of individual funds
- ☐ (F) Information about the ESG benchmark(s) that we use to measure fund performance
- ☒ (G) Our stewardship approach
- ☒ (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- ☒ (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- ☒ (J) A list of our main investments and holdings
- ☐ (K) ESG case study/example from existing fund(s)

☐ (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our assets under management

## Client reporting – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 50	CORE	Multiple, see guidance	N/A	PUBLIC	Client reporting – All assets	6

**What ESG information is included in your client reporting for the majority of your assets under management?**

- ☒ (A) Qualitative ESG analysis, descriptive examples or case studies
- ☐ (B) Quantitative analysis or key performance indicators (KPIs) related to ESG performance
- ☐ (C) Progress on our sustainability outcome objectives
- ☒ (D) Stewardship results
- ☒ (E) Information on ESG incidents where applicable
- ☐ (F) Analysis of ESG contribution to portfolio financial performance
- ☐ (G) We do not include ESG information in client reporting for the majority of our assets under management

## Frequency of client reporting – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 51	CORE	Multiple, see guidance	N/A	PUBLIC	Frequency of client reporting – All assets	6

**For the majority of each asset class, how frequently do you report ESG-related information to your clients?**

(A) Listed equity (4) On an ad hoc basis or upon request

(B) Fixed income (4) On an ad hoc basis or upon request

## Confidence-building measures

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 52	CORE	OO 16.1	Multiple, see guidance	PUBLIC	Confidence-building measures	6

What verification has your organisation had regarding the information you have provided in your PRI Transparency Report this year?

- ☒ (A) We received third-party independent assurance of selected processes and/or data related to our responsible investment processes, which resulted in a formal assurance conclusion
- ☐ (B) We conducted a third-party readiness review and are making changes to our internal controls/governance or processes to be able to conduct an external assurance next year
- ☐ (C) The internal audit function team performed an independent audit of selected processes/and or data related to our responsible investment processes reported in this PRI report
- ☒ (D) Our board, CEO, other C-level equivalent and/or investment committee has signed off on our PRI report
- ☒ (E) Some or all of our funds have been audited as part of the certification process against a sustainable investment/RI label
- ☐ (F) We conducted an external ESG audit of our ESG/sustainability marketed funds or products (excluding ESG/RI certified or labelled assets)
- ☐ (G) We conducted an external ESG audit of our holdings to check that our funds comply with our RI policy (e.g. exclusion list or investee companies in portfolio above certain ESG rating)
- ☐ (H) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- ☒ (I) Responses related to our RI practices documented in this report have been internally reviewed before submission to the PRI
- ☐ (J) None of the above

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 53	CORE	ISP 52, OO 14	N/A	PUBLIC	Confidence-building measures	6

Which responsible investment processes and/or data did your organisation have third-party external assurance on?

- (A) Investment and stewardship policy
- (3) Processes and related data assured
- 
- (B) Manager selection, appointment and monitoring
- (4) Neither process nor data assured
-

(C) Listed equity

(3) Processes and related data assured

(D) Fixed income

(3) Processes and related data assured

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 54	CORE	ISP 52	ISP 54.1	PUBLIC	Confidence-building measures	6

**What standard did your third-party external assurance provider use?**

- ☐ (A) PAS 7341:2020
- ☐ (B) ISAE 3000 and national standards based on this
- ☒ (C) Dutch Standard 3810N (Assurance engagements regarding sustainability reports)
- ☐ (D) RevR6 (Assurance of Sustainability)
- ☐ (E) IDW AsS 821 (Assurance Standard for the Audit or Review of Reports on Sustainability Issues)
- ☐ (F) Accountability AA1000 Assurance Standard (AA1000AS)
- ☐ (G) IFC performance standards
- ☐ (H) SSAE 18 and SOC 1
- ☐ (I) Other national auditing/assurance standard with guidance on sustainability, please specify:
- ☐ (J) Invest Europe Handbook of Professional Standards
- ☐ (K) ISAE 3402
- ☐ (L) AAF 01/06
- ☐ (M) AAF 01/06 Stewardship Supplement
- ☐ (N) ISO 26000 Social Responsibility
- ☐ (O) ASAE 3410 Assurance Engagements on Greenhouse Gas Statements
- ☐ (P) PCAF
- ☐ (Q) NGRS audit framework (National Greenhouse and Energy Reporting)
- ☐ (R) Auditor's proprietary assurance framework for assuring RI-related information
- ☐ (S) Other greenhouse gas emissions assurance standard, please specify:
- ☐ (T) None of the above

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 54.1	PLUS	ISP 54	N/A	PUBLIC	Confidence-building measures	6

**Attach your third-party external assurance provider's report that contains the assurance conclusion.**

File uploaded: [https://priassociation.eu.qualtrics.com/ControlPanel/File.php?F=F\\_1iedaHuU1PWMBFJ](https://priassociation.eu.qualtrics.com/ControlPanel/File.php?F=F_1iedaHuU1PWMBFJ)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 55	PLUS	ISP 52	N/A	PUBLIC	Confidence-building measures	6

**Provide details of the third-party external assurance. Include details such as the level of assurance attained, who conducted it, limitations, the expertise of the assurer in the subject matter and/or usage of multiple standards.**

The external independent assurance provider KPMG (Netherlands branch) has performed assurance on activities related to our Active Ownership activities (Stewardship responsibilities on engagement and voting) and on our assets under management that qualify as ESG integrated assets. KPMG performed an analysis of relevant documents, evidence of systems and interviewed relevant stakeholders to provide limited assurance on the non-financial information and especially the Responsible Investment Indicators reflected in the NN Group integrated annual report (pages 65-66) and the reflection of these topics in the NN IP report over 2020. Attached is the Assurance Report of our auditor, these are the pages 70-72 of the publicly available NN Group annual review 2020.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 58	CORE	ISP 52	N/A	PUBLIC	Confidence-building measures	6

**Who has reviewed/verified the entirety of or selected data from your PRI report?**

(A) Board and/or trustees

(4) report not reviewed

(B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))

(1) the entire report

(C) Investment committee (1) the entire report

(D) Other chief-level staff, please specify:

Chief Finance and Risk Officer (CFRO), Chief Client Officer (CCO) and Chief Human Resources Officer (CHRO) (4) report not reviewed

(E) Head of department, please specify:

Head of Fixed Income and RI, Head of Specialised Equity and RI, Head of Innovation & Responsible Investing Platform, Head of Marketing & Distribution Benelux (2) most of the report

(F) Compliance/risk management team (1) the entire report

(G) Legal team (4) report not reviewed

(H) RI/ ESG team (1) the entire report

(I) Investment teams (4) report not reviewed

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 59	CORE	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Which of the following ESG/RI certifications or labels do you hold?

- ☐ (A) Commodity type label (e.g. BCI)
- ☒ (B) GRESB
- ☐ (C) Austrian Ecolabel (UZ49)
- ☐ (D) B Corporation
- ☐ (E) BREEAM
- ☒ (F) CBI Climate Bonds Standard
- ☐ (G) EU Ecolabel
- ☐ (H) EU Green Bond Standard
- ☒ (I) Febelfin label (Belgium)
- ☐ (J) FNG-Siegel Ecolabel (Germany, Austria and Switzerland)
- ☒ (K) Greenfin label (France)
- ☒ (L) ICMA Green Bond Principles
- ☒ (M) Le label ISR (French government SRI label)
- ☐ (N) Luxflag Climate Finance
- ☒ (O) Luxflag Environment
- ☒ (P) Luxflag ESG
- ☐ (Q) Luxflag Green Bond

- ☐ (R) Luxflag Microfinance
- ☐ (S) National stewardship code (e.g. UK or Japan), please specify:
- ☐ (T) Nordic Swan Ecolabel
- ☐ (U) Other SRI label based on EUROSIF SRI Transparency Code (e.g. Novethic), please specify:
- ☐ (V) People's Bank of China green bond guidelines
- ☐ (W) RIAA (Australia)
- ☒ (X) Towards Sustainability label (Belgium)
- ☐ (Y) Other, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 62	PLUS	ISP 52	N/A	PUBLIC	Confidence-building measures	6

**Describe your organisation's approach to ensuring that your responsible investment processes are implemented as per your policies and guidelines. In your description please include the frequency of ensuring that your processes follow stated policies and include the choice of ESG fund audit, internal audit function and/or third-party external assurance.**

NN IP's responsible investment (RI) activities and ambitions are encapsulated in our RI framework. Our strong governance structure ensures that the policies and guidelines are implemented effectively. The RI Team advises on top-down implementation on a continual basis while investment teams carry out ESG integration from the bottom-up with each investment. The ESG Committee, which meets quarterly, provides advice investment-related RI goals, targets and policy matters and oversee the decision making process related to engagements and exclusions. Further, the Controversy and Engagement Council assists the ESG committee by monitoring engagements and controversies and violations of our criteria. The Proxy Voting Cie oversees the execution of the voting for our client assets. Overall, the Strategy and Implementation Steering Committee drives and oversees the RI ambition and advises our Board on this ambition. An external and independent non-financial information audit for 'sustainable' and 'impact' strategies is conducted annually, by KPMG. This audit includes processes and portfolio holdings and sometimes on alignment to label requirements. For ESG integrated strategies (each individual case having E, S and G factors integrated and documented in a systematic way), an internal audit is conducted annually by Risk Management, to ensure alignment of ESG integration within the investment process. This includes an audit of ESG questionnaires, engagement activity logs, exclusion list monitoring, investment case studies, investment analysis, and on reporting and ensuring there is an auditable ESG trail on engagement with companies. Adherence of our portfolio holdings to the NN Exclusion List and any other applicable restrictions is checked on a daily basis in Aladdin. The controls relevant to perform these activities are tested and signed off on by KPMG for the yearly ISAE statement. Within NN IP, Investment Restriction Control (IRC) is performing the daily checks.

# Manager Selection, Appointment and Monitoring (SAM)

## Selection

### Responsible investment policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 2	CORE	OO 11	SAM 2.1	PUBLIC	Responsible investment policy	1, 4

During the reporting year, did your organisation include compliance with your responsible investment policy as a pre-requisite when selecting external managers? (If you did not select any external managers during the reporting year, refer to the last reporting year in which you did select external managers.)

	(1) Yes, only when selecting external managers of ESG/sustainability funds	(2) Yes, when selecting external managers of ESG/sustainability funds and mainstream funds (This option also applies to signatories who may not hold ESG/sustainability funds)	(3) We did not include compliance with our responsible investment policy as a pre-requisite when selecting external managers
(A) Listed equity (active)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Fixed income (active)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 2.1	CORE	SAM 2	N/A	PUBLIC	Responsible investment policy	1,4

**In what proportion of cases did your organisation include compliance with your responsible investment policy as a pre-requisite when selecting external managers?**

**(1) Listed equity (active)**

(A) When selecting external managers of ESG/sustainability funds (1) in all cases

**(3) Fixed income (active)**

(A) When selecting external managers of ESG/sustainability funds (1) in all cases

## Research and screening

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 3	CORE	OO 11	N/A	PUBLIC	Research and screening	1

**When selecting external managers, which aspects of their organisation do you, or the investment consultant acting on your behalf, assess against responsible investment criteria? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)**

**(1) Listed equity (active)**

**(3) Fixed income (active)**

(A) Firm culture (1) for all of our externally managed AUM (1) for all of our externally managed AUM

(B) Investment approach, objectives and philosophy (1) for all of our externally managed AUM (1) for all of our externally managed AUM

(C) Investment policy or guidelines (1) for all of our externally managed AUM (1) for all of our externally managed AUM

(D) Governance structure and management oversight, including diversity	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) Investment strategy and fund structure	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) Investment team competencies	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) Other, please specify:	<p>In addition to the points above, we assess ESG training for personnel, integrity, compensation, and charity work as well.</p> <p>(1) for all of our externally managed AUM</p>	<p>In addition to the points above, we assess ESG training for personnel, integrity, compensation, and charity work as well.</p> <p>(1) for all of our externally managed AUM</p>

## Investment practices

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 4	CORE	OO 11	N/A	PUBLIC	Investment practices	1

Which responsible investment practices does your organisation, or the investment consultants acting on your behalf, require as part of your external manager selection criteria? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.) As part of the selection criteria, we require that external managers:

	(1) Listed equity (active)	(3) Fixed income (active)
(A) Incorporate material ESG factors in all of their investment analyses and decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) Incorporate their own responsible investment policy into their asset allocation decisions	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(C) Have adequate resources and processes to analyse ESG factors	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) Incorporate material ESG factors throughout their portfolio construction	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) Engage with underlying portfolio assets to address ESG risks and opportunities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) Comply with their own exclusions policy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) Embed ESG considerations in contractual documentation	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(H) Implement adequate disclosure and accountability mechanisms	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(I) Are willing to work in partnership with our organisation to develop their responsible investment approach	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(J) Track the positive and negative sustainability outcomes of their activities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(K) Other, please specify:

Additionally, we ask managers why they see their strategy as an ESG-strategy (if applicable), whether they make use of external ESG data, and where they see room to improve using the ESG-data.

(1) for all of our externally managed AUM

Additionally, we ask managers why they see their strategy as an ESG-strategy (if applicable), whether they make use of external ESG data, and where they see room to improve using the ESG-data.

(1) for all of our externally managed AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 5	PLUS	OO 11	N/A	PUBLIC	Investment practices	1

**Does your organisation, or the investment consultants acting on your behalf, expressly assess the following practices regarding derivatives and short positions as part of your manager selection process? (Indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)**

(A) We assess whether they apply ESG incorporation into derivatives, insurance instruments (such as CDS) and other synthetic exposures or positions

(2) for all of our externally managed AUM

(B) We assess how they apply their exclusion policies to short and derivative exposures

(2) for all of our externally managed AUM

(C) We assess whether their use of leverage is aligned with their responsible investment policy

(2) for all of our externally managed AUM

## Stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 6	CORE	OO	N/A	PUBLIC	Stewardship	2

**How does your organisation, or the investment consultants acting on your behalf, assess the stewardship policies of investment managers during the selection process? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)**

	(1) Listed equity (active)	(3) Fixed income (active)
(A) We assess the degree to which their stewardship policy aligns with ours	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We require that their stewardship policy prioritises systemic issues	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) We require that their stewardship policy prioritises ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We require that their stewardship policy allows for and encourages the use of a variety of stewardship tools	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We require that their stewardship policy allows for and encourages participation in collaborative initiatives	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) We require that their stewardship policy includes adequate escalation strategies for instances where initial efforts are unsuccessful	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(G) Other, please specify:

We check how managers make use of their stewardship tools. For example: we check if managers engage proactively and ask for evidence of proactive engagement. Finally, we check whether managers make use of external providers when it comes to stewardship tools.

(1) for all of our externally managed AUM

We check how managers make use of their stewardship tools. For example: we check if managers engage proactively and ask for evidence of proactive engagement. Finally, we check whether managers make use of external providers when it comes to stewardship tools.

(1) for all of our externally managed AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 7	CORE	OO	N/A	PUBLIC	Stewardship	2

**How does your organisation, or the investment consultants acting on your behalf, assess the stewardship practices of external managers as part of the selection process? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)**

**(1) Listed equity (active)**

**(3) Fixed income (active)**

(A) We assess whether they allocate sufficient resources to stewardship overall

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(B) We assess whether they allocate sufficient resources for systemic stewardship

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(C) We assess the degree of implementation of their stewardship policy

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(D) We assess whether their investment team is involved in stewardship activities

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(E) We assess whether stewardship actions and results are fed back into the investment process and decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) We assess whether they make full use of a variety of tools to advance their stewardship priorities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) We assess whether they deploy their escalation process to advance their stewardship priorities where initial efforts are unsuccessful	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(H) We assess whether they participate in collaborative stewardship initiatives	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(I) We assess whether they take an active role in their participation in collaborative stewardship initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(J) Other, please specify:	<p>We request managers to provide examples of how they put stewardship into practice over the past 12 months. Besides, we ask them whether they are pro-active for example when it comes to engagement.</p> <p>(1) for all of our externally managed AUM</p>	<p>We request managers to provide examples of how they put stewardship into practice over the past 12 months. Besides, we ask them whether they are pro-active for example when it comes to engagement.</p> <p>(1) for all of our externally managed AUM</p>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 9	CORE	OO 11 and OO 9 FI	N/A	PUBLIC	Stewardship	2

**Which stewardship practices does your organisation, or the investment consultants acting on your behalf, assess when selecting external managers that invest in fixed income? (Per strategy, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)**

**(1) Fixed income (active)**

(A) We assess whether they engage with issuers in the context of refinancing operations to advance ESG factors beyond governance (1) for all of our externally managed AUM

(B) We assess whether they engage with issuers in the context of refinancing operations to advance systemic issues (1) for all of our externally managed AUM

(C) We assess whether they prioritise ESG factors beyond governance in case of credit events (4) for none of our externally managed AUM

(D) We assess whether they prioritise systemic issues in case of credit events (4) for none of our externally managed AUM



## Sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 10	PLUS	OO 11	N/A	PUBLIC	Sustainability outcomes	1

**How does your organisation, or the investment consultant acting on your behalf, assess external managers' approaches to their sustainability outcomes as part of your selection process? (Indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)**

(A) We assess their track records on advancing sustainability outcomes across their assets	(1) for all of our externally managed AUM
--	---

(B) We assess whether they have set targets for the sustainability outcomes of their activities or are willing to incorporate our own targets	(1) for all of our externally managed AUM
---	---

(C) We assess how they use key levers including asset allocation, engagement and stewardship activities to advance sustainability outcomes	(1) for all of our externally managed AUM
--	---

(D) We assess how well they report on their progress on sustainability outcomes across their assets	(1) for all of our externally managed AUM
---	---

(E) Other, please specify: <div> <div></div> We request ESG / impact reports for all strategies. </div>	(1) for all of our externally managed AUM
--	---

## Documentation and track record

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 11	CORE	OO 11	N/A	PUBLIC	Documentation and track record	1

**As part of your selection process, which documents does your organisation, or the investment consultants acting on your behalf, review to gain confidence in external managers' responsible investment practices? (Indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)**

(A) Standard client reporting, responsible investment reports or impact reports	(1) for all of our externally managed AUM
---	---

(B) Responsible investment methodology and its influence on past investment decisions	(1) for all of our externally managed AUM
---	---

(C) Historical voting and engagement activities with investees	(1) for all of our externally managed AUM
--	---

(D) Historical engagement activities with policymakers	(1) for all of our externally managed AUM
--	---

(E) Compliance manuals and portfolios to ensure universal construction rules are applied (e.g. exclusions, thematic, best-in-class definitions and thresholds)	(1) for all of our externally managed AUM
--	---

(F) Controversies and incidence reports	(1) for all of our externally managed AUM
---	---

(G) Code of conduct or codes of ethics	(1) for all of our externally managed AUM
--	---

(H) Other, please specify:	
----------------------------	--

We request all policies related to responsible investing. By doing this every year, we get insights how the external manager is developing through time when it comes to responsible investing.	
---	--

(1) for all of our externally managed AUM
---

# Appointment

## Pooled funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 12	CORE	OO 12, OO 5.1, OO 15	N/A	PUBLIC	Pooled funds	4

**How did your organisation, or the investment consultants acting on your behalf, include responsible investment requirements for pooled funds in your current contracts with external managers? (Indicate the proportion of your AUM invested in pooled funds to which each of these requirements applies, regardless of when you appointed your different external managers.)**

(A) We amended or instituted side letters or equivalent legal documentation to include responsible investment requirements

(4) for none of our AUM invested in pooled funds

(B) We encouraged the external manager to include responsible investment requirements into the investment mandate, the investment management agreement or equivalent legal documentation

(4) for none of our AUM invested in pooled funds

## Segregated mandates

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 13	CORE	OO 12, OO 5.1	N/A	PUBLIC	Segregated mandates	4

**When setting up segregated mandates with external managers, which responsible investment clauses did your organisation, or the investment consultants acting on your behalf, include in your current contractual agreements? (Indicate the proportion of your AUM invested in segregated funds to which each of these requirements applies, regardless of when you appointed your different external managers.)**

(A) The manager's commitment to follow our responsible investment strategy in the management of our assets

(1) for all of our AUM invested in segregated mandates

(B) The manager's commitment to incorporate material ESG factors into its investment and stewardship activities

(1) for all of our AUM invested in segregated mandates

(C) Exclusion list(s)

(1) for all of our AUM invested in segregated mandates

(D) Responsible investment communication and reporting obligations, including on stewardship activities and results	(1) for all of our AUM invested in segregated mandates
(E) Stewardship commitments in line with the PRI's guidance and focused on seeking sustainability outcomes and prioritising common goals and collaborative action	(1) for all of our AUM invested in segregated mandates
(F) Where applicable, commitment to fulfil a clear policy on security lending aligned with our own security lending policy or with the ICGN Securities Lending Code of Best Practice	(1) for all of our AUM invested in segregated mandates
(G) Incentives and controls to ensure alignment of interests	(1) for all of our AUM invested in segregated mandates
(H) Commitments on climate-related disclosure in line with internationally recognised frameworks such as the TCFD	(4) for none of our AUM invested in segregated mandates
(I) If applicable, commitment to disclose against the EU Taxonomy	(4) for none of our AUM invested in segregated mandates
(J) Commitment to respect human rights as defined in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights	(1) for all of our AUM invested in segregated mandates
(K) The manager's acknowledgement that their appointment was conditional on their fulfilment of their responsible investment obligations	(1) for all of our AUM invested in segregated mandates
(L) Other, please specify:	
For segregated mandates we are able to deliver custom ESG-deliverables such as a manager has to outperform the benchmark when it comes to CO2. In the advisory we advise segregated mandates before funds because of the RI implementation possibilities.	(1) for all of our AUM invested in segregated mandates

# Monitoring

## Investment practices

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 14	CORE	OO 13	N/A	PUBLIC	Investment practices	1

During the reporting year, which aspects of your external manager's responsible investment practices did you, or your investment consultant acting on your behalf, monitor?

	(1) Listed equity (active)	(3) Fixed income (active)
(A) We monitored their alignment with our organisation's responsible investment strategy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We monitored any changes in their responsible investment-related policies, resourcing, oversight and responsibilities or investment processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) We monitored their use of ESG data, benchmarks, tools and certifications	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We monitored how ESG incorporation affected investment decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We monitored how ESG incorporation affected the fund's financial and ESG performance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(F) We monitored any changes in ESG risk management processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) We monitored their response to material ESG incidents	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(H) Other, please specify:	<p>We request all ESG reports and policies of external managers.</p> <p>(1) for all of our externally managed AUM</p>	<p>We request all ESG reports and policies of external managers.</p> <p>(1) for all of our externally managed AUM</p>

## Stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 17	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship	1, 2

**During the reporting year, how did your organisation, or the investment consultants acting on your behalf, monitor your external managers' stewardship activities?**

	(1) Listed equity (active)	(3) Fixed income (active)
(A) We monitored any changes in stewardship policies and processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We monitored the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) We monitored their prioritisation of systemic issues	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We monitored their prioritisation of ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(E) We monitored their investment team's level of involvement in stewardship activities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) We monitored whether stewardship actions and results were fed back into the investment process and investment decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) We monitored whether they had made full use of a variety of stewardship tools to advance their stewardship priorities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(H) We monitored the deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(I) We monitored whether they had participated in collaborative stewardship initiatives	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(J) We monitored the degree to which they had taken an active role in their participation in collaborative stewardship initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(K) Other, please specify:

We request managers to provide examples of how they put stewardship into practice over the past 12 months. Besides, we ask them whether they are pro-active for example when it comes to engagement.

We request managers to provide examples of how they put stewardship into practice over the past 12 months. Besides, we ask them whether they are pro-active for example when it comes to engagement.

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

## Sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 19	PLUS	OO 13	N/A	PUBLIC	Sustainability outcomes	1

During the reporting year, how did your organisation, or the investment consultants acting on your behalf, monitor your external managers' progress on sustainability outcomes?

- ☒ (A) We reviewed progress on the sustainability outcomes of their activities
- ☐ (B) We reviewed how they used asset allocation individually or in partnership with others to make progress on sustainability outcomes
- ☒ (C) We reviewed how they used individual or collaborative investee engagement, including voting, to make progress on sustainability outcomes
- ☒ (D) We reviewed how they used individual or collaborative systemic stewardship, including policy engagement, to make progress on sustainability outcomes
- ☒ (E) We reviewed how they contributed to public goods (such as research) or public discourse (such as media) or collaborated with other actors to track and communicate progress against global sustainability goals
- ☐ (F) Other, please specify:
- ☐ (G) We did not review their progress on sustainability outcomes

## Review

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 20	CORE	OO 13	N/A	PUBLIC	Review	1

During the reporting year, how often did your organisation, or the investment consultants acting on your behalf, require your external managers to report to you on their responsible investment practices?

(1) Listed equity (active)

(3) Fixed income (active)

(A) Quarterly or more often

(4) for none of our externally managed AUM

(4) for none of our externally managed AUM

(B) Every six months

(4) for none of our externally managed AUM

(4) for none of our externally managed AUM



(C) Annually	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) Less than once a year	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(E) On an ad hoc basis (e.g. whenever significant changes, incidents or ESG-linked events occur)	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

## Verification

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 21	PLUS	OO 13	N/A	PUBLIC	Verification	1

During the reporting year, how did your organisation, or the investment consultants acting on your behalf, verify the information reported by external managers on their responsible investment practices?

### (1) Listed equity (active)

### (3) Fixed income (active)

(A) We required evidence of internal monitoring or compliance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We required evidence of external monitoring or compliance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) We required that they had an independent ESG advisory board or committee	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(D) We required verification by an external, independent auditor	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(E) Other, please specify:

## Engagement and escalation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 22	CORE	OO 13	N/A	PUBLIC	Engagement and escalation	1

**Which actions does your organisation, or the investment consultants acting on your behalf, include in its formal escalation process to address concerns raised during monitoring?**

	(1) Listed equity (active)	(3) Fixed income (active)
(A) We notify the external manager about their placement on a watch list	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We engage the external manager's board or investment committee	<input type="checkbox"/>	<input type="checkbox"/>
(C) We reduce exposure with the external manager until any non-conformances have been rectified	<input type="checkbox"/>	<input type="checkbox"/>
(D) We terminate the contract with the external manager if failings persist over a (notified) period of time and explain the reasons for the termination	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Other, please specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Our organisation does not have a formal escalation process to address concerns raised by monitoring	<input type="checkbox"/>	<input type="checkbox"/>

Please specify for "(E) Other" above.

Firstly, depending on the reason for escalation, we may suggest to the client to reduce exposure. However, the decision to do so is up to the client. Secondly, we provide insights and help the manager with our own ESG data and knowledge to bring the manager in line with client's demand.

## Listed Equity (LE)

### Pre-investment phase

#### Materiality analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 10	LE 1.1	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify material ESG factors across listed equities?

	(2) Active – quantitative	(3) Active – fundamental
(A) Yes, we have a formal process to identify material ESG factors for all of our assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Yes, we have a formal process to identify material ESG factors for the majority of our assets	<input type="radio"/>	<input type="radio"/>
(C) Yes, we have a formal process to identify material ESG factors for a minority of our assets	<input type="radio"/>	<input type="radio"/>
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their own discretion	<input type="radio"/>	<input type="radio"/>
(E) No, we do not have a formal process to identify material ESG factors	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1.1	CORE	LE 1	N/A	PUBLIC	Materiality analysis	1

**How does your current investment process incorporate material ESG factors?**

	(2) Active - Quantitative	(3) Active - Fundamental
(A) The investment process incorporates material governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The investment process incorporates material environmental and social factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) The investment process incorporates material ESG factors beyond our organisation's typical investment time horizon	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The investment process incorporates the effect of material ESG factors on revenues and business operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Long-term ESG trend analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 10	N/A	PUBLIC	Long-term ESG trend analysis	1

**Do you continuously monitor a list of identified long-term ESG trends related to your listed equity assets?**

	(2) Active – quantitative	(3) Active – fundamental
(A) We monitor long-term ESG trends for all assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>

(B) We monitor long-term ESG trends for the majority of assets

○

○

(C) We monitor long-term ESG trends for a minority of assets

○

○

(D) We do not continuously monitor long-term ESG trends in our investment process

○

○

## ESG incorporation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 10	LE 3.1	PUBLIC	ESG incorporation	1

**How does your financial modelling and equity valuation process incorporate material ESG risks?**

**(2) Active – quantitative**

**(3) Active – fundamental**

(A) We incorporate governance-related risks into financial modelling and equity valuations

☒

☒

(B) We incorporate environmental and social risks into financial modelling and equity valuations

☒

☒

(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations

☒

☒

(D) ESG risk is incorporated into financial modelling and equity valuations at the discretion of individual investment decision-makers, and we do not track this process

☐

☐

(E) We do not incorporate ESG risks into our financial modelling and equity valuations



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3.1	CORE	LE 3	N/A	PUBLIC	ESG incorporation	1

**In what proportion of cases do you incorporate the following material ESG risks into your financial modelling and equity valuation process?**

### (2) Active - Quantitative

(A) We incorporate governance-related risks into financial modelling and equity valuations (1) in all cases

(B) We incorporate environmental and social risks into financial modelling and equity valuations (1) in all cases

(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations (1) in all cases

### (3) Active - Fundamental

(A) We incorporate governance-related risks into financial modelling and equity valuations (1) in all cases

(B) We incorporate environmental and social risks into financial modelling and equity valuations (1) in all cases

(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations (1) in all cases

## Assessing ESG performance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 10	LE 4.1	PUBLIC	Assessing ESG performance	1

**What information do you incorporate when you assess the ESG performance of companies in your financial modelling and equity valuation process?**

	(2) Active – quantitative	(3) Active – fundamental
(A) We incorporate information on current performance across a range of ESG metrics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We incorporate information on historical performance across a range of ESG metrics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) We do not incorporate ESG factors when assessing the ESG performance of companies in our financial modelling or equity valuation	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4.1	CORE	LE 4	N/A	PUBLIC	Assessing ESG performance	1

**In what proportion of cases do you incorporate the following information when assessing the ESG performance of companies in your financial modelling and equity valuation process?**

**(2) Active – quantitative**

(A) We incorporate information on current performance across a range of ESG metrics (1) in all cases

(B) We incorporate information on historical performance across a range of ESG metrics (1) in all cases

(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics (1) in all cases

(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability (1) in all cases

**(3) Active – fundamental**

(A) We incorporate information on current performance across a range of ESG metrics (1) in all cases

(B) We incorporate information on historical performance across a range of ESG metrics (1) in all cases

(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics (1) in all cases

(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability (1) in all cases



## ESG incorporation in portfolio construction

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 10	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**Outline one best practice or innovative example where ESG factors have been incorporated into your equity selection and research process.**

In order to further improve our ESG research and selection process we have developed our own corporate ESG indicator. By combining multiple external data sources with internal expertise, a proprietary and consistent view throughout NNIP is augmented on ESG performance of corporates. We use the NNIP materiality framework and input from analysts and PM's to add the NNIP expertise to these external dataproviders. The NNIP ESG Lens allows the investment teams to uncover potential financial material risks fast by using external data and combining those fields that are considered material to construct our own proprietary score. Here news (TruValueLabs), hard data from reports (Refinitiv) and expert analysis (Sustainalytics) are combined to create the ranking.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 10	LE 6.1	PUBLIC	ESG incorporation in portfolio construction	1

**How do ESG factors influence your portfolio construction?**

	(2) Active – quantitative	(3) Active – fundamental
(A) The selection of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The holding period of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process

☐
☐

(E) Other expressions of conviction (please specify below)

☐
☐

(F) The portfolio construction or benchmark selection does not explicitly include the incorporation of ESG factors

☐
☐

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6.1	CORE	LE 6	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**In what proportion of cases did ESG factors influence your portfolio construction?**

**(2) Active – quantitative**

(A) The selection of individual assets within our portfolio is influenced by ESG factors

(1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors

(1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors

(1) in all cases

**(3) Active – fundamental**

(A) The selection of individual assets within our portfolio is influenced by ESG factors

(1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors

(1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors

(1) in all cases

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 7	PLUS	OO 10	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Please provide two examples of how ESG factors have influenced weightings and tilts in either passive or active listed equity.

Provide examples below:

(A) Example 1:

MIT assessment in impact equity portfolios determines stock weightings. In the absence of credible market standards with regards to impact and SDG assessment we have developed our own internal tool to assess the strength of a company's positive impact on environmental and social challenges. We determine the extent of a company's positive impact by assessing the materiality, intentionality and transformationality of the impact. Companies are scored on a 0-5 scale on each of these three factors. The resulting MIT score of a company subsequently impacts the weight in our impact fund portfolios. Companies with the highest scores can get 3%-5% positions in the fund, while companies with medium MIT scores cannot have weights higher than 3%. Companies with low MIT scores will not be included in the portfolio. The three pillars of MIT: Material – is the impact relevant to the value drivers, i.e. **(response continued in row below)**

sales, profits, capex and risk? Does it affect the company's license to operate in markets and with its stake-holders? Intentional – is the impact a deliberate choice, part of the company's strategy and purpose? Transformational – does the company drive major change for the better by means of its business model, technology, scale and standards? Source: NN IP To show how the MIT assessment works, the worked below compares two companies that provide 'low-carbon transition' solutions. Example – scoring of two 'low-carbon' companies using MIT Material Company A - Hydropower utility This is 100% renewables, helping SDG 7 clean & affordable energy. Score: 4 out of 5 – not 5 because it's not unique Company B – Enzyme maker All its products help reduce energy and/or water use – SDGs 6 and 7. This is crucial for their business model: societal value added is so high that the company commands a strong competitive advantage. Score: 5 out of 5 Intentional Company A - Hydropower utility It's not a deliberate choice: the plant runs on hydro-power because it happens to be in a mountainous area. Score: 0 out of 5 Company B – Enzyme maker The company is always looking for new areas to provide solutions with better performance and lower footprint. It has set explicit impact targets in terms of the amount of CO2 to be reduced at clients and the number of people reached with their products. **(response continued in row below)**

---

Score: 5 out of 5 Transformational Company A - Hydropower utility It provides renewable energy to a limited geographic area and has always done so. Score: 1 out of 5 – would be higher if expansion was planned Company B – Enzyme maker The company's products are game changers in several global supply chains. Score: 5 out of 5 Total Score Company A - Hydropower utility 5 – nice but not good enough, we want a score of at least 7 Company B – Enzyme maker 15 – this is as good as it gets Source: NN IP. The score goes from 0 to 5, with: 0 very low; 1 low; 2 below average; 3 good; 4 strong; 5 very strong. Due to its low scores on I and T, this hydropower utility does not score enough points to be considered. The enzyme maker is a posterchild impact company and it qualifies for a large position of up to 5% in the impact portfolios..

---

(B) Example 2:

Portfolio tilts in the financials sector of the sustainable equity portfolios ESG factors play a role in all positions and tilts in our equity portfolios. As an example this is clearly visible in the sustainable equity funds' positioning within the financials sector. In the portfolios we select companies with sustainable business models. These are companies that offer amongst others offer sustainable solutions and show sustainable behaviour. **(response continued in row below)**

We define sustainable behaviour as the absence of serious ESG controversies and striving for improvements of material ESG factors. Our ESG analysis of companies in the financials sector shows a relative high number of long-running governance issues, as well as serious ESG controversies for banks and banking conglomerates in comparison with insurers and non-bank diversified financials. As a result banks are generally underrepresented in the portfolios versus insurers and other financial services providers. A recent example of this for the European Sustainable Equity portfolio is shown below: NN (L) European Sustainable Equity Sector & Relative Position Diversified Financials, +4.3% (overweight) Insurance, +3.4% (overweight) Banks, -5.1% (under-weight) Source: NN IP, February 2021.

## ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 8	CORE	OO 6.1 LE	N/A	PUBLIC	ESG risk management	1

**What compliance processes do you have in place to ensure that your listed equity assets subject to negative exclusionary screens meet the screening criteria?**

- ☐ (A) We have an independent committee that oversees the screening implementation process, but only for our ESG/sustainability labelled funds that are subject to negative exclusionary screening
- ☒ (B) We have an independent committee that oversees the screening implementation process for all of our listed equity assets that are subject to negative exclusionary screening
- ☒ (C) We have an independent committee that verifies that we have correctly implemented pre-trade checks in our internal systems to ensure no execution is possible without their pre-clearance

☒ (D) Other, please specify:

The adherence of our fund (portfolio) holdings to the NN Exclusion List and any other applicable restrictions is checked on a daily basis in Aladdin. The processes controls relevant to perform these activities are included tested and signed off on by an external auditor in the yearly ISAE statement.

- ☐ (E) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens

# Post-investment phase

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

**Do your regular reviews incorporate ESG risks?**

	(2) Active – quantitative	(3) Active – fundamental
(A) Our regular reviews include quantitative information on material ESG risks specific to individual listed equities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Our regular reviews include aggregated quantitative information on material ESG risks at a fund level	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Our regular reviews only highlight fund holdings where ESG ratings have changed	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct regular reviews. Risk reviews of ESG factors are conducted at the discretion of the individual fund manager and vary in frequency	<input type="checkbox"/>	<input type="checkbox"/>
(E) We do not conduct reviews	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

**Do you regularly identify and incorporate ESG incidents into the investment process for your listed equity assets?**

	(2) Active – quantitative	(3) Active – fundamental
(A) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into all of our investment decisions	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into the majority of our investment decisions	<input type="radio"/>	<input type="radio"/>
(C) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into a minority of our investment decisions	<input type="radio"/>	<input type="radio"/>
(D) Yes, we have an ad hoc process in place for identifying and incorporating ESG incidents	<input type="radio"/>	<input type="radio"/>
(E) Other	<input type="radio"/>	<input type="radio"/>
(F) We currently do not have a process in place for regularly identifying and incorporating ESG incidents into our investment decision-making	<input type="radio"/>	<input type="radio"/>

## Performance monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 10	N/A	PUBLIC	Performance monitoring	1

Provide an example of an ESG factor that your organisation incorporated into your equity valuation or fund construction and describe how that affected the returns of those assets.

Provide examples below:

(A) Example from your active listed equity:

Neste is one of the core holdings in our sustainable equity portfolios. The company is the world's largest producer of renewable bio-diesel (HVO) refined mostly from wastes and residues. HVO refers to "Hydro-treated Vegetable Oil" as vegetable oils were first used as feedstocks. Today HVO is increasingly produced from waste and residue fat coming from food, fish and meat-processing industries, as well as from non-food grade vegetable oil fractions. In our investment case we focus on the environmental benefits of renewable bio-diesel and its growth opportunity for the company. Neste's leadership in this area has helped it to develop a strong competitive position, which has translated into attractive margins and high returns on capital. **(response continued in row below)**



The company's growth as a provider of carbon reduction solutions is a key (ESG) factor driving the upside potential of its shares.

The renewable fuel market is expected to quadruple to 20m tonnes by 2030, supported by government targets for renewable energy. We expect Neste to be able compound growth and raise profitability through its investments in refineries and pre-treatment facilities, which enable a wide range use of feedstock to optimise carbon reduction for clients. A carbon reduction of 85–90%, compared to traditional diesel, is achieved when fuel is produced out of wastes and residues. A new facility in Singapore will mainly produce jet fuel to decarbonise air transport. Chemicals are the next area the company targets for growth. Renewable and circular plastics will help polymers and the plastics-consuming industries to reduce their crude oil dependence and climate impact.

With regards to financial performance, Neste delivered a total return of +96% in 2020 versus -33% for the MSCI Europe Oil Gas & Consumable Fuels Index..

## Reporting/Disclosure

### Sharing ESG information with stakeholders

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 13	CORE	OO 6 LE	N/A	PUBLIC	Sharing ESG information with stakeholders	6

How do you ensure that clients and/or beneficiaries understand ESG screens and their implications?

	(1) for all of our listed equity assets subject to ESG screens	(2) for the majority of our listed equity assets subject to ESG screens	(3) for a minority of our listed equity assets subject to ESG screens	(4) for none of our assets subject to ESG screens
(A) We publish a list of ESG screens and share it on a publicly accessible platform such as a website or through fund documentation	●	○	○	○

(B) We publish any changes in ESG screens and share them on a publicly accessible platform such as a website or through fund documentation



(C) We outline any implications of ESG screens, such as deviation from a benchmark or impact on sector weightings, to clients and/or beneficiaries



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 14	CORE	OO 10	N/A	PUBLIC	Sharing ESG information with stakeholders	6

**What ESG information is covered in your regular reporting to stakeholders such as clients or beneficiaries?**

**(2) Active – quantitative**

(A) Our regular stakeholder reporting includes qualitative examples of engagement and/or ESG incorporation

2) In the majority of our regular stakeholder reporting

(B) Our regular stakeholder reporting includes quantitative ESG engagement data

2) In the majority of our regular stakeholder reporting

(C) Our regular stakeholder reporting includes quantitative ESG incorporation data

2) In the majority of our regular stakeholder reporting

**(3) Active – fundamental**

(A) Our regular stakeholder reporting includes qualitative examples of engagement and/or ESG incorporation

2) In the majority of our regular stakeholder reporting

(B) Our regular stakeholder reporting includes quantitative ESG engagement data

2) In the majority of our regular stakeholder reporting

(C) Our regular stakeholder reporting includes quantitative ESG incorporation data

2) In the majority of our regular stakeholder reporting

# Stewardship

## Voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15	CORE	OO 9 LE	LE 15.1, LE 16	PUBLIC	Voting policy	2

Does your organisation have a publicly available (proxy) voting policy? (The policy may be a standalone policy, part of a stewardship policy or incorporated into a wider RI policy.)

☒ (A) Yes, we have a publicly available (proxy) voting policy Add link(s):

☐ (B) Yes, we have a (proxy) voting policy, but it is not publicly available

☐ (C) No, we do not have a (proxy) voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15.1	CORE	OO 9 LE, LE 15	N/A	PUBLIC	Voting policy	2

What percentage of your listed equity assets does your (proxy) voting policy cover?

(A) Actively managed listed equity covered by our voting policy (12) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 16	CORE	LE 15	N/A	PUBLIC	Voting policy	2

Does your organisation's policy on (proxy) voting cover specific ESG factors?

☒ (A) Our policy includes voting guidelines on specific governance factors Describe:

Active ownership contributes to good corporate governance and thereby enhances the long-term value of the investee company over time. We also believe that ESG factors have the potential to influence the financial performance of individual companies. Companies that maintain high standards of corporate governance and corporate responsibility will tend to deliver better shareholder value over time. Hence, the NN IP Proxy Voting Policy Client Assets focuses on three key areas relating to ESG: board elections, remuneration and shareholder proposals. - A regular item on the AGM agenda is board elections. Appointing capable directors who can engage in all aspects of a company's operations is important to all stakeholders. NN IP takes a careful look at appropriate corporate governance structures, executive compensation and benefits, board oversight, board composition, board independence, board effectiveness, board diversity and board expertise. In general, we support candidates put forward by the company, but sometimes we are compelled to vote against the nominees. For example, we may hold the board accountable in the absence of board independence and board diversity, for insufficient board oversight of environmental and social risks, when a company fails to disclose greenhouse gas emission reduction targets, and in the event of severe and Active ownership contributes to good corporate governance and thereby enhances the long-term value of the investee company over time. We also believe that ESG factors have the potential to influence the financial performance of individual companies. Companies that maintain high standards of corporate governance and corporate responsibility will tend to deliver better shareholder value over time. Hence, the NN IP Proxy Voting Policy Client Assets focuses on three key areas relating to ESG: board elections, remuneration and shareholder proposals. - A regular item on the AGM agenda is board elections. Appointing capable directors who can engage in all aspects of a company's operations is important to all stakeholders. NN IP takes a careful look at appropriate corporate governance structures, executive compensation and benefits, board oversight, board composition, board independence, board effectiveness, board diversity and board expertise. In general, we support candidates put forward by the company, but sometimes we are compelled to vote against the nominees. For example, we may hold the board accountable in the absence of board independence and board diversity, for insufficient board oversight of environmental and social risks, when a company fails to disclose greenhouse gas emission reduction targets, and in the event of severe and structural breaches of our norms-based responsible investing criteria. - The remuneration policy for the management board should be aligned with the long-term strategy of the company and corresponding goals. Executive pay should incentivise value creation within companies and effectively align the interests of executives with those of shareholders.

Remuneration structures should reinforce, not undermine, the corporate culture. Performance measurement should incorporate risk considerations so that there are no rewards for taking inappropriate risks at the expense of the company and its shareholders. A company's remuneration policy should contain fixed and variable elements, and the latter should be based on clear and challenging performance targets. Variable bonus targets should be designed to support and reflect the company's strategic objectives as well as the long-term interests of shareholders. In general, we would stimulate the company to pay out the variable bonus element in shares rather than in options or cash. The shares that are granted to the company's executives as part of the long-term variable compensation should be subject to an appropriate vesting period of at least three years. In order to align the long-term interests of company directors and shareholders, we encourage the adoption of shareholding requirements for executive directors. In general, NN IP is supportive of remuneration plans for executive and non-executive directors. Reasons for not supporting these include, for example, payment of variable remuneration that is not performance-based, above industry average salary levels, and lacking claw-back provisions. - NN IP has a policy of actively voting on shareholder proposals that are related to ESG issues relevant to the company. NN IP is supportive of shareholder proposals if they address significant social and environmental issues that are considered material to the company. At the same time we take a rational approach in our analysis of the shareholder proposals at hand. If it appears from our analysis that a company already deals adequately with the request as mentioned in the shareholder resolution, we may not support the proposal because it is insufficiently relevant. Also, if we are of the opinion that the shareholder proposal is poorly drafted or the argumentation as used by the filers of the proposal is lacking, we may not support the proposal. NN IP generally supports proposals regarding ESG – in particular, those seeking improved sustainability reporting and disclosure about company sustainability practices. For example regarding governance, we will generally vote for proposals seeking to increase disclosure of a company's business ethics and code of conduct. NN IP supports proposals requesting that a company develop sustainable business practices, such as animal welfare policies, human rights policies, and fair lending policies. Furthermore, NN IP supports reporting and reviewing a company's political and charitable spending as well as its lobbying practices. The policy will also support well-crafted proposals requesting that companies cease political spending or associated activities..

☒ (B) Our policy includes voting guidelines on specific environmental factors Describe:

In order to ensure long-term performance for shareholders, NN IP expects investee companies to act in a responsible way towards all stakeholders. This includes recognition of the impact of business decisions on the environment, as well as recognition of the impact of their business decisions on social and human rights issues in the regions in which they do business. In addition, NN IP encourages companies to adhere to internationally accepted sustainability standards beyond complying with local legal requirements. These include for instance the Paris Climate Agreement, the Guiding Principles on Business and Human Rights, the UN Global Compact and the international labour standards of the International Labour Organization. The Sustainable Development Goals (SDGs) represent another important benchmark. These goals focus on universal action to end poverty, protect our natural resources and ensure peace and prosperity. NN IP embeds these standards by encouraging investee companies to adopt standards, policies and management processes across all corporate functions to ensure they deal adequately with ESG matters. Companies should also indicate which sustainability risks are most material to their business, and how it is aligned with the strategy and accompanying objectives and targets. Below are a few examples of specific environmental factors in our voting guidelines: - NN IP will vote in favour of increased disclosure of a company's environmental risk through company specific disclosure as well as compliance with international environmental conventions and adherence to environmental principles. Similarly, NN IP supports proposals requesting that companies develop goals for reducing green-house gas emissions, comprehensive recycling programs, and other proactive means of mitigating their environmental footprint. - NN IP will also vote for proposals seeking that companies provide certain disclosures or adopt certain policies related to mitigating their climate-change-related risks. For example, regardless of industry, we will support proposals requesting that companies disclose information concerning their scenario analyses or that companies provide disclosure in line with certain reporting recommendations, such as those promulgated by the Financial Stability Board's Task Force on Climate related Financial Disclosures (TCFD). Similarly, NN IP supports proposals requesting that companies consider energy efficiency and renewable energy sources in their project development and overall business strategy.

☒ (C) Our policy includes voting guidelines on specific social factors Describe:

In order to ensure long-term performance for shareholders, NN IP expects investee companies to act in a responsible way towards all stakeholders. This includes recognition of the impact of business decisions on the environment, as well as recognition of the impact of their business decisions on social and human rights issues in the regions in which they do business. In addition, NN IP encourages companies to adhere to internationally accepted sustainability standards beyond complying with local legal requirements. These include for instance the Paris Climate Agreement, the Guiding Principles on Business and Human Rights, the UN Global Compact and the international labour standards of the International Labour Organization. The Sustainable Development Goals (SDGs) represent another important benchmark. These goals focus on universal action to end poverty, protect our natural resources and ensure peace and prosperity. NN IP embeds these standards by encouraging investee companies to adopt standards, policies and management processes across all corporate functions to ensure they deal adequately with ESG matters. Companies should also indicate which sustainability risks are most material to their business, and how it is aligned with the strategy and accompanying objectives and targets. Below are a few examples of specific social factors in our voting guidelines: - NN IP generally supports enhancing the rights of workers, as well as considering the communities and broader constituents in the areas in which companies do business. Accordingly, we will generally vote for proposals requesting that companies provide greater disclosure regarding impact on local stakeholders, workers' rights and human rights in general. In addition, NN IP supports proposals for companies to adopt or comply with certain codes of conduct relating to labour standards, human rights conventions, and corporate responsibility at large. NN IP will also support proposals requesting independent verification of a company's contractors' compliance with labour and human rights standards. In addition, we support the International Labour Organization standards and encourage companies to adopt such standards in their business operations. - NN IP will generally vote in favour of proposals seeking increased disclosure regarding public health and safety issues, including those related to product responsibility. In particular, NN IP supports proposals calling for the labelling of the use of genetically modified organisms ("GMOs"), the elimination or reduction of toxic emissions and use of toxic chemicals in manufacturing, and the prohibition of tobacco sales to minors. We also support proposals seeking a report on a company's drug reimportation guidelines, as well as on a company's ethical responsibility as it relates to drug distribution and manufacture. NN IP will also support proposals related to worker safety and companies' compliance with internationally recognised human rights or safety standards.

☐ (D) Our policy is high-level and does not cover specific ESG factors Describe:

## Alignment & effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 17	CORE	OO 9 LE	N/A	PUBLIC	Alignment & effectiveness	2

**When you use external service providers to give voting recommendations, how do you ensure that those recommendations are consistent with your organisation's (proxy) voting policy?**

(A) We review service providers' controversial and high-profile voting recommendations before voting is executed (1) in all cases

(B) Before voting is executed, we review service providers' voting recommendations where the application of our voting policy is unclear (1) in all cases

## Security lending policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18	CORE	OO 9 LE	LE 18.1, LE 18.2	PUBLIC	Security lending policy	2

**Does your organisation have a public policy that states how voting is addressed in your securities lending programme? (The policy may be a standalone guideline or part of a wider RI or stewardship policy.)**

● (A) We have a public policy to address voting in our securities lending programme. Add link(s):

Voting policy client assets:

[https://assets.ctfassets.net/y4nxuejkhx03/2sg9GucDBCOUWIC2gUkI2S/7dce027cdc156524687d4731913ff005/DOC\\_002699](https://assets.ctfassets.net/y4nxuejkhx03/2sg9GucDBCOUWIC2gUkI2S/7dce027cdc156524687d4731913ff005/DOC_002699)

Stewardship policy

[https://assets.ctfassets.net/y4nxuejkhx03/6Pc2JwL0iwK5rGgQQ0BRJb/12de6770633a5bd5b96d933a283a580d/DOC\\_002694](https://assets.ctfassets.net/y4nxuejkhx03/6Pc2JwL0iwK5rGgQQ0BRJb/12de6770633a5bd5b96d933a283a580d/DOC_002694)

- (B) We have a policy to address voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our service provider(s)
- (D) We do not have a policy to address voting in our securities lending programme
- (E) Not applicable, we do not have a securities lending programme

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18.1	CORE	LE 18	N/A	PUBLIC	Security lending policy	2

**How is voting addressed in your securities lending programme?**

- ☒ (A) We recall all securities for voting on all ballot items
- ☐ (B) We always recall all holdings in a company for voting on ballot items deemed important (e.g. in line with specific criteria)
- ☐ (C) We always recall some securities so that we can vote on their ballot items (e.g. in line with specific criteria)
- ☐ (D) We maintain some holdings so that we can vote at any time
- ☐ (E) We recall some securities on an ad hoc basis so that we can vote on their ballot items
- ☐ (F) We empower our securities lending agent to decide when to recall securities for voting purposes
- ☐ (G) Other, please specify:
- ☐ (H) We do not recall our securities for voting purposes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18.2	CORE	LE 18	N/A	PUBLIC	Security lending policy	2

**What exclusions do you apply to your organisation's securities lending programme?**

- ☒ (A) We do not lend out shares of companies that we are engaging with either individually or as a lead or support investor in collaborative engagements
- ☐ (B) We do not lend out shares of companies if we own more than a certain percentage of them
- ☐ (C) We do not lend out shares of companies in jurisdictions that do not ban naked short selling
- ☐ (D) We never lend out all our shares of a company to ensure that we always keep voting rights in-house
- ☐ (E) Other, please specify:
- ☐ (F) We do not exclude any particular companies from our securities lending programme

## Shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 19	CORE	OO 9 LE	N/A	PUBLIC	Shareholder resolutions	2

Which of the following best describes your decision-making approach regarding shareholder resolutions, or that of your service provider(s) if decision-making is delegated to them?

- ☒ (A) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors or on our stewardship priorities
- ☐ (B) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors but only if the investee company has not already committed publicly to the action requested in the proposal
- ☐ (C) In the majority of cases, we only support shareholder resolutions as an escalation tactic when other avenues for engagement with the investee company have not achieved sufficient progress
- ☐ (D) In the majority of cases, we support the recommendations of investee company management by default
- ☐ (E) In the majority of cases, we do not vote on shareholder resolutions

## Pre-declaration of votes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 20	CORE	OO 9 LE	N/A	PUBLIC	Pre-declaration of votes	2

How did your organisation or your service provider(s) pre-declare votes prior to AGMs/EGMs?

- ☐ (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system
- ☐ (B) We pre-declared our voting intentions publicly (e.g. through our own website) Link to public disclosure:
- ☐ (C) We pre-declared our voting intentions publicly through the PRI's vote declaration system, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain
- ☐ (D) We pre-declared our voting intentions publicly, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain Link to public disclosure:
- ☒ (E) Prior to the AGM/EGM, we privately communicated our voting decision to investee companies in cases where we planned to vote against management proposals or abstain
- ☐ (F) We did not privately or publicly communicate our voting intentions
- ☐ (G) We did not cast any (proxy) votes during the reporting year



## Voting disclosure post AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 21	CORE	OO 9 LE	LE 21.1	PUBLIC	Voting disclosure post AGM/EGM	2

Do you publicly report your (proxy) voting decisions, or those made on your behalf by your service provider(s), in a central source?

☒ (A) Yes, for >95% of (proxy) votes Link:

<https://viewpoint.glasslewis.net/webdisclosure/search.aspx?glpcustuserid=NNI1018>

☐ (B) Yes, for the majority of (proxy) votes Link:

☐ (C) Yes, for a minority of (proxy) votes 1) Add link and 2) Explain why you only publicly disclose a minority of (proxy) voting decisions:

☐ (D) No, we do not publicly report our (proxy) voting decisions Explain why you do not publicly report your (proxy) voting decisions:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 21.1	CORE	LE 21	N/A	PUBLIC	Voting disclosure post AGM/EGM	2

In the majority of cases, how soon after an investee's AGM/EGM do you publish your voting decisions?

☒ (A) Within one month of the AGM/EGM

☐ (B) Within three months of the AGM/EGM

☐ (C) Within six months of the AGM/EGM

☐ (D) Within one year of the AGM/EGM

☐ (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 22	CORE	OO 9 LE	LE 22.1	PUBLIC	Voting disclosure post AGM/EGM	2

**Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions?**

- ☐ (A) In cases where we voted against management recommendations or abstained, the rationale was provided privately to the company
- ☒ (B) In cases where we voted against management recommendations or abstained, the rationale was disclosed publicly
- ☐ (C) In cases where we voted against management recommendations or abstained, we did not communicate the rationale
- ☐ (D) We did not vote against management or abstain

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 22.1	CORE	LE 22	N/A	PUBLIC	Voting disclosure post AGM/EGM	2

**Indicate the proportion of votes where you and/or the service provider(s) acting on your behalf communicated the rationale for your voting decisions.**

(B) In cases where we voted against management recommendations or abstained, the rationale was disclosed publicly (5) >95%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 23	CORE	OO 9 LE	LE 23.1	PUBLIC	Voting disclosure post AGM/EGM	2, 5

**Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions when voting against a shareholder resolution proposed/filed by a PRI signatory?**

- ☐ (A) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was disclosed publicly
- ☐ (B) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was not disclosed publicly
- ☒ (C) We did not vote against any shareholder resolution proposed/filed by a PRI signatory

## Alignment & effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 24	PLUS	OO 9 LE	N/A	PUBLIC	Alignment & effectiveness	2

### How are you contributing to the integrity of the end-to-end voting chain and confirmation process?

NN IP uses the Glass Lewis Viewpoint voting platform to send our votes to the market and capturing voting instructions, ensuring transparency, an audit trail and collaboration amongst teams. Three main parties are involved in the process:

- NN IP's Proxy Voting Committee: oversees the execution of the Proxy Voting Policy Client Assets. It consists of PMs and RI specialists to ensure alignment between our voting and investment activities. For companies in which we own a large percentage of the outstanding share capital, companies on our engagement list, and companies held in our Sustainable, Small Cap and Dutch Equity funds, voting is carried out manually by the Committee. This ensures well-informed decision making for holdings that we deem important and enables us to audit the executed votes.
- NN IP's Asset Servicing department: implements the voting instructions from the Committee. This department ensures that all steps in the process are followed and that decisions are taken by majority.
- Custodians: also make use of a proxy service provider. Custodians need to enrich the meeting details with holdings records to make sure that the correct number of shares is voted for, NN IP communicates directly to Glass Lewis and relevant custodians whenever necessary. Confirmation of votes GL Viewpoint indicates whether votes are cast and in time for the voting deadline, or rejected. For non-electronic (non-STP) votes, NN IP may receive paper ballots from the issuer, containing special voting instructions. NN IP then receives an e-mail confirmation from the agent or issuer. NN IP sometimes reaches out to investees directly to inquire if our votes have reached them and have been counted. Audit Accounts that are set up for voting are audited annually, ensuring all details of the account are correct numbers are correct and confirmed with the custodian to be under Glass Lewis' voting authority. We also do a user audit, holdings check, and review of unrecognized accounts.

## Example

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 25	PLUS	OO 9 LE	N/A	PUBLIC	Example	2

Provide examples of the most significant (proxy) voting activities that your organisation and/or the service provider acting on your behalf carried out during the reporting year.

Provide examples below:

(A) Example 1:

Enel. In 2020, we co-filed a shareholder resolution for the first time. The company in question was Italian energy firm Enel Spa. At the AGM, the slate of directors that we helped to co-file was appointed to the board. In Italy, the “vota di lista” system ensures that one or more independent members can be nominated to be elected to the boards of listed companies. This is basically a guarantee that minority shareholders, like NN IP, also get a say and it prevents large shareholders, like the state, from dominating the board and its decisions. This resolution enabled us to help bring energy transition expertise to Enel’s board.

---

(B) Example 2:

ExxonMobil. As one of the world’s largest oil and gas producers, climate change is one of the most material ESG topics for ExxonMobil. For the second year in a row, the company removed a share-holder resolution to be proposed at its AGM. The resolution asked the company to report whether and how it plans to align its operations and investments with the goals of the Paris Agreement. The company announced increased investment in oil and gas projects, and failed to disclose how it is preparing for a low-carbon future. To express our dissatisfaction and hold the board accountable for their lack of policy on climate change risks and governance, NN IP voted against the re-election of all ten board members.

---

(C) Example 3:

SBM Offshore. We have been engaging with SBM Offshore, a Dutch energy service provider, for several years. At the 2020 AGM, we voted against the remuneration report due to concerns over misalignment between pay and performance. We also raised questions on the proposed salary increase for the CEO in light of the Covid-19 crisis, declining oil prices and resulting difficult business environment. As a result of this pressure, the company postponed the decision on the pay rise and promised to revise its remuneration policy. At the end of 2020 the company consulted us on their new remuneration policy.

---

# Fixed Income (FI)

## Pre-investment phase

### Materiality analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1	CORE	OO 10	FI 1.1	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify material ESG factors for its fixed income assets?

	(1) SSA	(2) Corporate	(4) Private debt
(A) Yes, we have a formal process to identify material ESG factors for all of our assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(B) Yes, we have a formal process to identify material ESG factors for the majority of our assets	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(C) Yes, we have a formal process to identify material ESG factors for a minority of our assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their own discretion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(E) No, we do not have a formal process to identify material ESG factors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1.1	CORE	FI 1	N/A	PUBLIC	Materiality analysis	1

**How does your current investment process incorporate material ESG factors?**

	(1) SSA	(2) Corporate	(4) Private debt
(A) The investment process incorporates material governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The investment process incorporates material environmental and social factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) The investment process incorporates material ESG factors beyond our organisation's typical investment time horizon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) The investment process incorporates the effect of material ESG factors on revenues and business operations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2	CORE	OO 10	FI 2.1	PUBLIC	ESG risk management	1

**How are material ESG factors incorporated into your portfolio risk management process?**

	(1) SSA	(2) Corporate	(4) Private debt
(A) Investment committee members, or the equivalent function/group, have a qualitative ESG veto	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(B) Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches of risk limits	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
--	-------------------------------------	-------------------------------------	--------------------------

(C) Overall exposure to specific ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on individual issuers' sensitivity to these factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
---	-------------------------------------	-------------------------------------	--------------------------

(D) Other method of incorporating ESG factors into risk management process, please specify below:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
---	--------------------------	--------------------------	-------------------------------------

(E) We do not have a process to incorporate ESG factors into our portfolio risk management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--	--------------------------	--------------------------	--------------------------

**Please specify for "(D) Other method of incorporating ESG factors into risk management process".**

We apply a Materiality Framework to assess ESG factors at inception and during the annual review of the assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2.1	CORE	FI 2	N/A	PUBLIC	ESG risk management	1

**For what proportion of your fixed income assets are material ESG factors incorporated into your portfolio risk management process?**

**(1) SSA**

(A) Investment committee members, or the equivalent function/group, have a qualitative ESG veto	(1) for all of our assets
---	---------------------------

(B) Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches of risk limits	(1) for all of our assets
--	---------------------------

(C) Overall exposure to specific ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on individual issuers' sensitivity to these factors	(1) for all of our assets
---	---------------------------

## (2) Corporate

(A) Investment committee members, or the equivalent function/group, have a qualitative ESG veto (1) for all of our assets

(B) Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches of risk limits (1) for all of our assets

(C) Overall exposure to specific ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on individual issuers' sensitivity to these factors (1) for all of our assets

## (4) Private debt

(A) Investment committee members, or the equivalent function/group, have a qualitative ESG veto (2) for the majority of our assets

(D) Other method of incorporating ESG factors into risk management process (3) for a minority of our assets

## ESG incorporation in asset valuation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3	CORE	OO 10	FI 3.1	PUBLIC	ESG incorporation in asset valuation	1

How do you incorporate the evolution of ESG factors into your fixed income asset valuation process?

	(1) SSA	(2) Corporate	(4) Private debt
(A) We incorporate it into the forecast of cash flow, revenues and profitability	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



(C) We do not incorporate the evolution of ESG factors into our fixed income asset valuation process



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3.1	CORE	FI 3	N/A	PUBLIC	ESG incorporation in asset valuation	1

**In what proportion of cases do you incorporate the evolution of ESG factors into your fixed income asset valuation process?**

**(1) SSA**

(A) We incorporate it into the forecast of cash flow, revenues and profitability (1) in all cases

(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer (1) in all cases

**(2) Corporate**

(A) We incorporate it into the forecast of cash flow, revenues and profitability (1) in all cases

(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer (1) in all cases

**(4) Private debt**

(A) We incorporate it into the forecast of cash flow, revenues and profitability (2) in the majority of cases

(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer (2) in the majority of cases

## Performance monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 4	PLUS	OO 5.2 FI, OO 10	N/A	PUBLIC	Performance monitoring	1

Provide an example of an ESG factor that your organisation incorporated into your fixed income valuation or portfolio construction and describe how that affected the returns of those assets.

### Example:

(A) Example from your active management strategies:

Romania ESG upgraded to neutral on 12/10/2020. Romania is an example where we are neutral on fundamentals and ESG, but are constructive on technical and particularly valuations. We upgraded our negative ESG score back to neutral after the December 2020 parliamentary elections produced no clear winner, but did reduce political uncertainty. The incumbent PNL gained 25% and the opposition left-wing PSD gained 30% of the vote, which led to the resignation of Prime Minister Orban (PNL). **(response continued in row below)**

But the PNL together with two smaller parties again formed a government, this time led by former Minister of Finance Florin Cițu, which means a conservative fiscal stance over the coming years is likely. This would help further address Romania's challenging twin deficit and deteriorating debt dynamics, including a limited rise in pension spending.

Since December 2020, the total return has been below that of the EMBI GD, but above EMBI IG. In spread terms Romania has slightly outperformed rating bucket for the 10Y segment. Romania tightened from 144 to 130 whereas the median 10Y BBB rated (S&P) bond tightened from 120 to 113..

## ESG incorporation in portfolio construction

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 5	CORE	OO 10	FI 5.1	PUBLIC	ESG incorporation in portfolio construction	1

### How do ESG factors influence your portfolio construction?

	(1) SSA	(2) Corporate	(4) Private debt
(A) The selection of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The holding period of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Other expressions of conviction, please specify below:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(F) The portfolio construction or benchmark selection does not explicitly include the incorporation of ESG factors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please specify "(E) Other expressions of conviction".

Energy transition is an important factor for our portfolio construction

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 5.1	CORE	FI 5	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**In what proportion of cases do ESG factors influence your portfolio construction?**

**(1) SSA**

(A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (1) in all cases

**(2) Corporate**

(A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (1) in all cases

**(4) Private debt**

(A) The selection of individual assets within our portfolio is influenced by ESG factors (2) in the majority of cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (2) in the majority of cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (2) in the majority of cases

(E) Other expressions of conviction (2) in the majority of cases

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 6	PLUS	OO 10	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Please provide two examples of how ESG factors have influenced weightings and tilts in either passive or active fixed income.

Please provide examples below:

(A) Example 1:

Electricity generators: We have analysed all electricity generators in our universe to see if they are in line with the Paris Agreement and what their plans are with respect to energy transition. One of the conclusions of that analysis was that specifically Iberdrola was one of the frontrunners in this space. Based on that analysis in combination with the attractive risk/return profile we hold an overweight in our portfolio on the name.

(B) Example 2:

E-mobility: Although most automotive companies are focusing on e-mobility, we see that specifically BMW and VW are making significant steps in this space and/or aiming to become a leader in this area. Based on that input, in combination with an attractive risk return profile and constructive dialogues with the company we have overweights in these names where portfolio restrictions allow this.

## ESG incorporation in assessment of issuers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 7	CORE	OO 10	N/A	PUBLIC	ESG incorporation in assessment of issuers	1

When assessing issuers'/borrowers' credit quality, how does your organisation incorporate material ESG risks in the majority of cases?

	(1) SSA	(2) Corporate	(4) Private debt
(A) In the majority of cases, we incorporate material governance-related risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) In addition to incorporating governance-related risks, in the majority of cases we also incorporate material environmental and social risks	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(C) We do not incorporate material ESG risks for the majority of our credit quality assessments of issuers/borrowers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## ESG performance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 8	CORE	OO 10	N/A	PUBLIC	ESG performance	1

**In the majority of cases, how do you assess the relative ESG performance of a borrower within a peer group as part of your investment process?**

	(1) SSA	(2) Corporate
(A) We use the relative ESG performance of a borrower to adjust the internal credit assessments of borrowers by modifying forecasted financials and future cash flow estimates	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We use the relative ESG performance of a borrower to make relative sizing decisions in portfolio construction	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(C) We use the relative ESG performance of a borrower to screen for outliers when comparing credit spreads to ESG relative performance within a similar peer group



(D) We consider the ESG performance of a borrower only on a standalone basis and do not compare it within peer groups of other benchmarks



(E) We do not have an internal ESG performance assessment methodology



## ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
-----------	-------------------	--------------	------------	------------	------------	---------------

FI 9	CORE	OO 10	FI 9.1	PUBLIC	ESG risk management	1
------	------	-------	--------	--------	---------------------	---

For your corporate fixed income, does your organisation have a framework that differentiates ESG risks by issuer country and sector?

☒ (A) Yes, it differentiates ESG risks by country/region (for example, local governance and labour practices)

☒ (B) Yes, it differentiates ESG risks by sector

☐ (C) No, we do not have a framework that differentiates ESG risks by issuer country/region and sector

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
-----------	-------------------	--------------	------------	------------	------------	---------------

FI 9.1	CORE	FI 9	N/A	PUBLIC	ESG risk management	1
--------	------	------	-----	--------	---------------------	---

For what proportion of your corporate fixed income assets do you apply your framework for differentiating ESG risks by issuer country/sector?

(1) for all of our corporate fixed income assets

(2) for the majority of our corporate fixed income assets

(3) for a minority of our corporate fixed income assets

(A) We differentiate ESG risks by country/region (for example, local governance and labour practices)



(B) We differentiate ESG risks by sector



## Private debt

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 10	CORE	OO 10	FI 10.1	PUBLIC	Private debt	1

Indicate how your organisation incorporates ESG factors when selecting private debt investments during the due diligence phase.

- ☒ (A) We use a qualitative ESG checklist  
☒ (B) We assess quantitative ESG data, such as energy consumption, carbon footprint and gender diversity  
☒ (C) We require that the investment has its own ESG policy  
☒ (D) We hire specialised third parties for additional ESG assessments  
☒ (E) We require the review and sign-off of our ESG due diligence process by our investment committee or the equivalent function  
☐ (F) Other method of incorporating ESG into the selection of private debt during due diligence (please specify below):  
☐ (G) We do not incorporate ESG factors when selecting private debt during the due diligence phase

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 10.1	CORE	FI 10	N/A	PUBLIC	Private debt	1

In what proportion of cases do you incorporate ESG factors when selecting private debt investments during the due diligence phase?

(1) in all cases

(2) in the majority of cases

(3) in a minority of cases

(A) We use a qualitative ESG checklist



(B) We assess quantitative ESG data, such as energy consumption, carbon footprint and gender diversity



(C) We require that the investment has its own ESG policy



(D) We hire specialised third parties for additional ESG assessments





(E) We require the review and sign off of our ESG due diligence process by our investment committee, or the equivalent function

○

○

●

## Post-investment phase

### ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 12	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

**Do your regular reviews incorporate ESG risks?**

	(1) SSA	(2) Corporate	(4) Private debt
(A) Our regular reviews include quantitative information on material ESG risks specific to individual fixed income assets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Our regular reviews include aggregated quantitative information on material ESG risks at a fund level	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(C) Our regular reviews only highlight fund holdings where ESG ratings have changed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct regular reviews. Risk reviews of ESG factors are conducted at the discretion of the individual fund manager and vary in frequency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) We do not conduct reviews that incorporate ESG risks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 13	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

**Do you regularly identify and incorporate ESG incidents into the investment process for your fixed income assets?**

	(1) SSA	(2) Corporate	(4) Private debt
(A) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into all of our investment decisions	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into the majority of our investment decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into a minority of our investment decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(D) Yes, we have an ad hoc process in place for identifying and incorporating ESG incidents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(E) We do not have a process in place for regularly identifying and incorporating ESG incidents into our investment decision-making	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Time horizons

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 14	CORE	OO 10	N/A	PUBLIC	Time horizons	1

**In the majority of cases, how does your investment process account for differing time horizons of holdings and how they may affect ESG factors?**

	(1) SSA	(2) Corporate
(A) We take into account current risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We take into account medium-term risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We take into account long-term risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We do not take into account differing time horizons of holdings and how they may affect ESG factors	<input type="checkbox"/>	<input type="checkbox"/>

## Long-term ESG trend analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 15	CORE	OO 10	N/A	PUBLIC	Long-term ESG trend analysis	1

**Do you continuously monitor a list of identified long-term ESG trends related to your fixed income assets?**

	(1) SSA	(2) Corporate	(4) Private debt
(A) We monitor long-term ESG trends for all of our assets	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

(B) We monitor long-term ESG trends for the majority of our assets	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(C) We monitor long-term ESG trends for a minority of our assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(D) We do not continuously monitor long-term ESG trends in our investment process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Examples of leading practice

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 17	PLUS	OO 10	N/A	PUBLIC	Examples of leading practice	1 to 6

Describe any leading responsible investment practices that you have adopted for some or all of your fixed income assets.

Description per fixed income asset type:

(A) SSA

For the Emerging Markets universe, our approach to the integration of ESG factors is based on proprietary quantitative evidence. Our quantitative analysis supports the integration of ESG factors when predicting spread levels, with predictive power increasing further when analyzing high yield sovereign issuers. Our proprietary Sovereign Credit Model comprises both macroeconomic and ESG factors. In terms of how each of the ESG pillars is integrated into our Sovereign Credit Model, we analyse how an issuer scores on environmental, social and governmental factors and to what extent it is improving its policies on these factors. The ESG analysis looks at various sovereign political and structural reforms. Each issuer receives a score based on the quantitative macroeconomics as well as ESG assessment. The scores are then compared to the prevailing risk premium attached to the particular country. Recently, we NN IP has developed a proprietary tool – an ESG Sovereign Lens, that we use for our ESG assessments. It consists of a Development Score and a Stability Score. The Development Score can be characterised as the ‘traditional’, slow moving, long term ESG score that indicates where a country scores at that moment in time. **(response continued in row below)**

---

The Stability Score, however-and what distinguishes us greatly from our competition - is that we break down each theme that the Stability Score entails, into categories of i. Risk and ii. Mitigation. Therefore, the Stability Score provides context. It should not be regarded as a mere quantitative signal, but rather as a tool to point analysis into a specific direction and/or analyse news events in a country in the bigger context. By looking at various themes of the Stability Score, one can instantly see why almost identical events at almost the same time may have two very different outcomes. With respect to environmental factors, there is a growing focus on the impact of environmental factors on a country’s macroeconomic variables. The EM universe spans a wide geography and therefore encompasses a wide range of potential risks and opportunities related to climate change. Countries with warmer climates could face severe negative impacts from further increases in temperature, predominantly on economic growth indicators. Further, part of the EM universe might experience increased frequency and severity of natural disasters as a result of climate change. **(response continued in row below)**

---

Many researchers<sup>5</sup> have documented the impact of natural disasters on economic development. In addition, Cuaresma (2010) documents the negative effect of natural disasters on the accumulation of human capital, while Gassebner and others (2010) found a relationship between natural disasters and a worsening growth rate of economic globalization due to reduced international trade. As well as affecting macroeconomic variables, ESG factors can impact financial markets by means of EM sovereign spread levels. We believe the relative weight of environmental factors and their impact on credit risk may increase substantially going forward. The focus on climate change is growing substantially on the back of the Paris Agreement and the intensifying impact of the climate crisis. We therefore anticipate increased focus on climate-change-related risks, policies and measures. Environmental and social factors are gaining relevance due to changing regulations as well as evolving behaviours and customer expectations.<sup>6</sup> We have therefore enhanced our investment process from a governance-heavy sovereign analysis to integration of all ESG factors. In the coming pages, we describe which ESG variables we have included, and we assess the accuracy of our models when environmental and social factors are incorporated. An important driver of success for the integration of ESG factors into our investment process, is the addition of two dedicated ESG analyst resources to our team last September. Although we believe that data sources have improved and our innovative tools overcome part of the data issues inherent with ESG investing, the qualitative information that our ESG analysts will add will be invaluable..

---

(B) Corporate

NN IP is one of the world's largest investors in Green Bonds. We start this investment process with our very strict green bond screening process. To determine the eligibility for our green bond universe we have defined three criteria:

Criteria 1 - Alignment with the Green Bond Principles ("GBP"). Each green bond has to align with all the four principles defined by the GBP:

- o Use of Proceeds: 90% of the proceeds have to be used for alternative energy, energy efficiency, pollution prevention and control, sustainable water, green buildings, low-carbon transport or other green categories. The use of a second party opinion and/or CBI certification is strongly preferred, Controversial sectors are excluded (e.g. Tobacco, Fossil fuels, nuclear, etc.)
- o Project Evaluation: there must be a clear process how to identify projects and which criteria are being used
- o Management of Proceeds: proceeds must be separated from the general account of the issuer such at all times proceeds are traceable
- o Reporting: the issuer must at least once a year report on the proceeds of the green bond. Using environmental Key Performance Indicators (eKPIs) as defined by the GBP is strongly preferred. Third party auditing of this report is strongly preferred.

Criteria 2 – Alignment with the Climate Bond Initiative (CBI): The Climate Bond Initiative has defined minimum sector criteria for an issuer to align the impact of a green bond with the maximum temperature rise of two degrees by 2100. **(response continued in row below)**

---

NN IP has access to all these sector criteria and the database which CBI is keeping track according to its own taxonomy. NN IP assesses how green bonds compare to the CBI taxonomy.

Criteria 3 – Proprietary assessment of the ESG profile of the issuer: Next to the NN IP restriction criteria on controversial sectors and projects, we also assess the ESG-profile of the issuer. We exclude all issuers with a controversy score of 5 on Environment (E), Social (S) or Governance (G), and issuers with a Sustainalytics risk rating above 50. Also, it is very common to have a personal call or meeting with the issuer on these topics. The restriction of an individual issuer is considered to be a last resort, but in some cases it is unavoidable. We re-strict issuers only when engagement is deemed either not feasible or unlikely to change the issuer's conduct or involvement in specific activities.

Addition of green bonds to eligible universe: the process to add new green bonds to NN IP's green bond list is as follows:

- The lead portfolio managers of NN (L) Green Bond fund will send a list of proposed green bonds to the Responsible Investment (RI) team before the 25th day of each month.
  - The RI team will verify if the proposed green bonds align with NN IP's green bond criteria and provide advice to the lead portfolio managers before the last business day of the month. **(response continued in row below)**
-



- Before the last business day of the month (COB), the new approved green bond list is sent to the Static Data team to label the securities in Aladdin as green.
- Removal of green bonds from eligible universe: In case a green bond does not fulfil the NN IP green bond criteria anymore, the process is as follows:
- The lead-portfolio managers of NN (L) Green Bond fund will send a separate proposal (with a detailed analysis) to the RI team before the 25th day of the month.
  - The proposal will include a detailed description why the bond should be removed from the list.
  - The RI team will provide advice to the lead-portfolio managers before the last business day of the month.
  - If agreed, the bond will be removed from the list and the RI team will instruct the Static Data team to re-move the green label in Aladdin.

Our proprietary green bonds database tracks all global green bonds issued in developed market currencies (G10) and size equivalent to requirements for inclusion in the Bloomberg Barclays MSCI Global Green Bond Index. The database includes the full analysis and characteristics of all green bonds we cover (green bond analysis, issuer analysis, engagement, impact reporting, green bond scorecards). All analytical information of each green bond in our green bond database will then be summarised in the green bond scorecard. It includes a description, the issuer profile, financial characteristics, alignment with the green bond principles, ESG profile of the issuer, CO2 emission savings and the conclusions on the eligibility of the green bond for our investment universe..

---

(D) Private debt

An integral part of any mandate we manage is a responsible investment/ESG paragraph with our Investors or fund documentation. An ESG assessment is part of any investment analysis and is an integral part of our investment approval process. The ESG assessment has also be integrated in our annual investment review process. We are active asset owners and it is natural for us to include ESG matters into our active ownership philosophy. **(response continued in row below)**

---

Active Ownership refers to dialogues and engagements with originators, borrowers, issuers and the exercise of our contractual rights -where applicable- to promote the long-term success of companies, projects and assets, by holding management accountable on ESG matters. We conduct an assessment of sustainability risks, which are defined in Article 2 (22) of SFDR as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment, is integrated into the investment decision process via the application of the NNIP norms-based responsible investment criteria. These norms-based responsible investment criteria and its application are described in the “NN IP Responsible Investment Policy”. The risk assessment process is performed as part of the investment analysis, and takes all relevant risks into account, including sustainability risks. **(response continued in row below)**

---

This assessment includes, but is not limited to, assessing the issuer’s ESG risk profile by making use of data from external providers, of which some are specialized in ESG-related data and associated risk-ratings. For investments where there is an indication of conduct or activities not in line with the formulated norms-based responsible investment criteria, a decision is made by NNIP on whether to engage with the issuer, originator and/or borrower or exclude the issuer, originator and/or borrower from the eligible investment universe of a Sub-Fund or sub-mandate. Due to the choice to apply the norms-based responsible investment criteria, the investment universe of a Sub-Fund or sub-mandate may differ from the investment universe of an Index, if applicable..

---

## Thematic bonds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 18	PLUS	OO 6 FI	FI 18.1	PUBLIC	Thematic bonds	1

**What proportion of your total thematic investments are labelled green bonds, social bonds and/or sustainability bonds by the issuers in accordance with the four ICMA Social/Green Bond Principles?**

### Proportion out of total thematic fixed income investments:

(A) Proportion of green/SDG bonds linked to environmental goals 100.0%

(B) Proportion of social/SDG bonds linked to social goals 0.0%

(C) Proportion of sustainability/SDG bonds (i.e. combination of green and social bonds linked to multiple SDG categories) 0.0%

(D) None of the above 0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 18.1	PLUS	FI 18	N/A	PUBLIC	Thematic bonds	3

**What proportion of your social, green and/or sustainability labelled bonds has been subject to an independent review arranged by the issuer?**

(A) Second-party opinion (4) 51–75%

(B) Third-party assurance (1) 0%

(C) Green bond rating (1) 0%

(D) Climate Bonds Certification according to the Climate Bonds Standard (3) 11–50%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 19	CORE	OO 6 FI	N/A	PUBLIC	Thematic bonds	1

**How do you determine which non-labelled thematic bonds to invest in?**

- ☐ (A) By reviewing the bond's use of proceeds
- ☐ (B) By reviewing companies' ESG targets
- ☐ (C) By reviewing companies' progress towards achieving ESG targets
- ☒ (D) **We do not invest in non-labelled thematic bonds**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 20	CORE	OO 6 FI	N/A	PUBLIC	Thematic bonds	1, 2, 6

**What action do you take in the majority of cases where proceeds of a thematic bond issuer are not allocated to the original plan?**

- ☒ (A) **We engage with the issuer**
- ☐ (B) We alert regulators
- ☐ (C) We alert thematic bond certification agencies
- ☐ (D) We sell the security
- ☐ (E) We publicly disclose the breach
- ☐ (F) We blacklist the issuer
- ☐ (G) Other action, please specify:
- ☐ (H) We do not take any specific actions when proceeds from bond issuers are not allocated in accordance with the original plan

# Reporting/Disclosure

## ESG screens

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 21	CORE	OO 6 FI	N/A	PUBLIC	ESG screens	6

### How do you ensure that clients and/or beneficiaries understand ESG screens and their implications?

(A) We publish a list of ESG screens and share it on a publicly accessible platform such as a website or through fund documentation Voluntary URL link(s) to list of ESG screens:

[https://assets.ctfassets.net/y4nxuejkhx03/3wya1YVm4cdeOfqu0jI1xZ/86112d84c3b5c7fb5ed3df00b60ea4ff/DOC\\_002695](https://assets.ctfassets.net/y4nxuejkhx03/3wya1YVm4cdeOfqu0jI1xZ/86112d84c3b5c7fb5ed3df00b60ea4ff/DOC_002695)

(1) for all of our fixed income assets subject to ESG screens

(B) We publish any changes in ESG screens and share it on a publicly accessible platform such as a website or through fund documentation Voluntary URL link(s) to ESG screen changes:

[https://assets.ctfassets.net/y4nxuejkhx03/3wya1YVm4cdeOfqu0jI1xZ/86112d84c3b5c7fb5ed3df00b60ea4ff/DOC\\_002695](https://assets.ctfassets.net/y4nxuejkhx03/3wya1YVm4cdeOfqu0jI1xZ/86112d84c3b5c7fb5ed3df00b60ea4ff/DOC_002695)

(1) for all of our fixed income assets subject to ESG screens

(C) We outline any implications of ESG screens, such as deviation from a benchmark or impact on sector weightings, to clients and/or beneficiaries

(1) for all of our fixed income assets subject to ESG screens

# Engagement

## Engaging with issuers/borrowers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 22	CORE	OO 9 FI	FI 22.1	PUBLIC	Engaging with issuers/borrowers	2

At which stages does your organisation engage with issuers/borrowers?

	(1) SSA	(2) Corporate	(4) Private debt
(A) At the pre-issuance/pre-deal stage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) At the pre-investment stage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) During the holding period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) At the refinancing stage	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(E) When issuers/borrowers default	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 22.1	PLUS	FI 22	N/A	PUBLIC	Engaging with issuers/borrowers	2

Describe your approach to engagement.

Engagement approach per fixed income asset type or general description for all your fixed income engagement:

(A) Description of engagement approach for all of our fixed income

Engagement is in our view not limited to shareholders only: we believe that debt holders have an important role to play as well. When engaging with companies, we combine the knowledge and expertise of both our equity and fixed income teams, sometimes in joint meetings and always sharing the outcomes. For bonds specifically, we put additional effort into attending roadshows for new issues, asking questions (for example, on the use of proceeds) or encouraging companies to improve on their reporting and transparency. We use internationally accepted standards of corporate behaviour – the guidelines/principles developed by the UN Global Compact, the International Corporate Governance Network (ICGN) and the OECD – as the starting point for our engagement. We engage on specific ESG targets in the two ways outlined below. 1. Controversy engagement focuses on companies that severely and structurally breach NN IP’s norms-based criteria in the areas of governance, human rights, labour, environment, and bribery and corruption. This type of engagement is initiated and assessed by NN IP’s Controversy and Engagement Council. 2. Thematic engagement focuses on different themes that have a material impact on society, and where we believe our engagement efforts can achieve beneficial change. **(response continued in row below)**

---

These themes share objectives as defined by the Sustainable Development Goals (SDGs) and deal with material risks as defined by the World Economic Forum. The exact engagement themes are selected in consultation with portfolio managers/analysts and external stakeholders. Both the controversy and the thematic engagements are conducted for all asset classes, including equity as well as debt. Our engagement approach is tailor-made for each specific theme and each individual company. In order to ensure we can have the most impact, we first carefully analyse a problem in detail to determine our engagement NN IP Engagement Approach Constructive and regular dialogue with investee companies on sustainability issues enables us to help them tackle a wide range of issues. Corporate management is often aware of the need to change and willing to do so, but the support of strategic stakeholders – both share- and debt holders – enables them to justify taking concrete steps. 2 Disclaimer This communication is intended for MiFID professional investors only. This communication has been prepared solely for the purpose of information and does not constitute an offer, in particular a prospectus or any invitation to treat, buy or sell any security or to participate in any trading strategy or the provision of investment services or investment research. While particular attention has been paid to the contents of this communication, no guarantee, warranty or representation, express or implied, is given to the accuracy, correctness or completeness thereof. Any information given in this communication may be subject to change or update without notice. **(response continued in row below)**

---



Neither NN Investment Partners B.V., NN Investment Partners Holdings N.V. nor any other company or unit belonging to the NN Group, nor any of its directors or employees can be held directly or indirectly liable or responsible with respect to this communication. Use of the information contained in this communication is at your own risk. We then identify the value chain linked to that theme in order to select those companies where engagement is most needed and can be most effective. Before we contact our engagement candidates, we create a theme-specific methodology with objectives and milestones for each company. Some themes require a more industry-wide approach where it may take years to fundamentally change a system that is woven into the fabric of society and where it is difficult to measure results (living wage). In other industries, the case is more black and white and a direct focus with company-specific goals can deliver more quantifiable impact (oil and gas). Our engagement usually lasts for a three-year period. After 1.5 years, or sooner if necessary, we evaluate progress to recalibrate our engagement objectives, for example, in the light of market developments and stakeholder expectations. We also assess progress and determine what further steps might be required or possible consequences if insufficient progress has been made..

---

(C) Description of engagement approach for our SSA fixed income

In 2020, NN IP signed an open letter to the Brazilian embassies demanding an end to deforestation in Brazil. This has triggered a dialogue with members of the Brazilian Congress to discuss the preservation of the country's tropical forests. **(response continued in row below)**

---

We reiterated five issues in the meeting which will be important for our assessment of developments going forward:

- Significant reduction in deforestation rates, i.e. showing credible efforts to comply with the commitment set down in Brazil's Climate Law, article 19.
- Enforcement of Brazil's Forest Code.
- The ability of Brazil's agencies tasked with enforcing environmental and human rights legislation to carry out their mandates effectively, and any legislative developments that may impact forest protection.
- Prevention of fires in or near forest areas, in order to avoid a repetition of fires like in 2019
- Public access to data on deforestation, forest cover, tenure and traceability of commodity supply chains. During the meeting there were indications that the government is working on all these elements and takes this seriously. We are encouraged by the initial response and will continue to monitor the enforcement of Brazil's Forest Code and other environmental and human rights legislation..

---

(D) Description of engagement approach for our corporate fixed income

We first contact the company to inform them that we would like to engage on a specific topic. We also inform them of why they have been selected, the parties involved (if it is a collaboration) and what the objectives are. Our first contact with the company aims to discuss the engagement objectives in more detail and gather information on the status of these objectives. The company should commit to addressing part or all of the objectives we have identified. Initially, the focus is often on the low-hanging fruit and we take a step-by-step approach to achieve the set objectives. The company should then develop a strategy to address the issue(s), including a plan with clear activities, deadlines and targets. Preferably this plan/strategy is published, or we have received a copy in writing. Through meetings and information gathering we support the company, track progress and assess if results are on track. **(response continued in row below)**

---

If progress is insufficient or the company is unwilling to collaborate, we may take additional measures – for example, by restricting an issuer in the event of a controversy. If all objectives have been met, the engagement process can be finalised. If sufficient progress has been made but not all the objectives have yet been met, it can be extended. If too little progress has been made, other steps can be taken such as cancelling the engagement/restricting investment. NN IP focuses its engagement efforts on a select group of companies. In practice, this means that there will be multiple interactions with a company each year. Our investee companies are monitored throughout the year and we keep track of our engagements in our internal engagement database. In addition to our own efforts for our controversy and thematic engagement, we use the services of Sustainalytics Stewardship Services (previously GES). Sustainalytics engages with company representatives on our behalf, using predefined targets..

## Sovereign bonds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 23	CORE	OO 9 FI	N/A	PUBLIC	Sovereign bonds	2

**For the majority of your sovereign bond engagements, which non-issuer stakeholders do you engage with to promote your engagement objectives?**

- ☐ (A) Non-ruling parties
- ☒ (B) **Originators and primary dealers**
- ☒ (C) **Index and ESG data providers**
- ☒ (D) **Multinational companies/state-owned enterprises (SOEs)**
- ☒ (E) **Supranational organisations**
- ☐ (F) Credit rating agencies (CRAs)
- ☒ (G) **Business associations**
- ☐ (H) Media
- ☒ (I) **NGOs, think tanks and academics**
- ☐ (J) Other non-issuer stakeholders, please specify:
- ☐ (K) We do not engage with any of the above stakeholders for the majority of our sovereign bond engagements

# Sustainability Outcomes (SO)

## Set targets on sustainability outcomes

### Outcome objectives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	ISP 45	SO 1.1, SO 2	PUBLIC	Outcome objectives	1

Has your organisation chosen to shape any specific sustainability outcomes?

- ☒ (A) Yes  
☐ (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 3	PUBLIC	Outcome objectives	1

Please list up to 10 of the specific sustainability outcomes that your organisation has chosen to shape.

#### Sustainability outcomes

(A) Sustainability Outcome #1	carbon intensity reduction
(B) Sustainability Outcome #2	carbon footprint reduction
(C) Sustainability Outcome #3	waste footprint reduction
(D) Sustainability Outcome #4	waste intensity reduction
(E) Sustainability Outcome #5	water footprint reduction
(F) Sustainability Outcome #6	water intensity reduction
(G) Sustainability Outcome #7	equal opportunities in the workplace
(H) Sustainability Outcome #8	female board members

(I) Sustainability Outcome #9

annual green house gas emissions avoided

(J) Sustainability Outcome #10

renewable energy capacity added

## Target-setting process

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3	PLUS	SO 2	SO 3.1	PUBLIC	Target-setting process	1

**Have you set any targets for your sustainability outcomes? Indicate how many targets you have set for each sustainability outcome.**

(A) Sustainability Outcome #1:

(2) One target

(B) Sustainability Outcome #2:

(2) One target

(C) Sustainability Outcome #3:

(2) One target

(D) Sustainability Outcome #4:

(2) One target

(E) Sustainability Outcome #5:

(2) One target

(F) Sustainability Outcome #6:

(2) One target

(G) Sustainability Outcome #7:

(2) One target

(H) Sustainability Outcome #8:

(2) One target

(I) Sustainability Outcome #9:

(2) One target

(J) Sustainability Outcome #10:

(2) One target

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3.1	PLUS	SO 3	Multiple, see guidance	PUBLIC	Target-setting process	1

For each sustainability outcome, name and provide a brief description of up to two of your targets and list the metrics or key performance indicators (KPIs) associated with them, the targets' deadlines and the percentage of your assets under management to which the targets apply.

	Target name	Target description
(A1) Sustainability Outcome #1: (Target 1)	relative outperformance	2020: aim to outperform benchmark on carbon intensity. We include Scope 1,2 & 3 emissions. In 2021, we will introduce explicit targets for our sustainable and impact strategies to reduce the carbon footprint of their portfolios below the benchmark. We aim to report on emissions for our strategies where deemed relevant and to contribute to a 49% overall emissions reduction by 2030.
(B1) Sustainability Outcome #2: (Target 1)	relative outperformance	2020: aim to outperform benchmark on carbon intensity. In 2021, we will introduce explicit targets for our sustainable and impact strategies to reduce the carbon footprint of their portfolios below the benchmark. We aim to report on emissions for our strategies where deemed relevant and to contribute to a 49% overall emissions reduction by 2030.
(C1) Sustainability Outcome #3: (Target 1)	relative outperformance	We aim to outperformance relevant indices on waste footprint
(D1) Sustainability Outcome #4: (Target 1)	relative outperformance	We aim to outperformance relevant indices on waste intensity
(E1) Sustainability Outcome #5: (Target 1)	relative outperformance	We aim to outperformance relevant indices on water footprint

(F1) Sustainability Outcome #6: (Target 1)	relative outperformance	We aim to outperformance relevant indices on water intensity
(G1) Sustainability Outcome #7: (Target 1)	Portfolio holdings with equal opportunities policy	We aim for our portfolios to hold more companies that have an equal opportunities policy in place
(H1) Sustainability Outcome #8: (Target 1)	Portfolio holdings with female board members	We aim for our portfolios to hold more companies that have that have female board members
(I1) Sustainability Outcome #9: (Target 1)	Achieve avoidance of GHG emissions	We aim for a reduction in greenhouse gas emissions and measure the progress
(J1) Sustainability Outcome #10: (Target 1)	Add renewable energy capacity	We aim for addition of renewable energy capacity
	<b>KPIs/metrics</b>	<b>Target deadline: Year</b>
(A1) Sustainability Outcome #1: (Target 1)	tCO2e/€1m revenue	2030
(B1) Sustainability Outcome #2: (Target 1)	Emissions saved relative to index - in tCO2e and equivalent to the number of households	2030
(C1) Sustainability Outcome #3: (Target 1)	Waste avoided relative to the index in tonnes and equivalent to the number of households	2021
(D1) Sustainability Outcome #4: (Target 1)	Tonnes waste/€1m Revenue	2021
(E1) Sustainability Outcome #5: (Target 1)	M3	2021
(F1) Sustainability Outcome #6: (Target 1)	Water produced and consumed in m3 per €1m Revenue	2021
(G1) Sustainability Outcome #7: (Target 1)	Number of holdings	2021
(H1) Sustainability Outcome #8: (Target 1)	Number of holdings	2021

(I1) Sustainability Outcome #9: (Target 1)	Tons of CO2 (per 1 million invested) per year	2021
---	--	------

(J1) Sustainability Outcome #10: (Target 1)	MW	2021
--	----	------

Coverage: % of assets under management

(A1) Sustainability Outcome #1: (Target 1)	7
--	---

(B1) Sustainability Outcome #2: (Target 1)	7
--	---

(C1) Sustainability Outcome #3: (Target 1)	5
--	---

(D1) Sustainability Outcome #4: (Target 1)	5
--	---

(E1) Sustainability Outcome #5: (Target 1)	5
--	---

(F1) Sustainability Outcome #6: (Target 1)	5
--	---

(G1) Sustainability Outcome #7: (Target 1)	5
--	---

(H1) Sustainability Outcome #8: (Target 1)	5
--	---

(I1) Sustainability Outcome #9: (Target 1)	2
--	---

(J1) Sustainability Outcome #10: (Target 1)	2
---	---

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 3.1	N/A	PUBLIC	Target-setting process	1

Which global goals (or other references) did your organisation use to determine your sustainability outcomes targets? Explain whether you have derived your target from global goals, e.g. by translating a global goal into a target at the national, regional, sub-national, sectoral or sub-sectoral level. Alternatively, explain why you have set your target independently from global goals.

Global goals/references



(A1) Sustainability Outcome #1: (Target 1)	The goal is based on the goals laid out by the Paris Agreement and the Dutch climate Agreement.
(B1) Sustainability Outcome #2: (Target 1)	The goal is based on the goals laid out by the Paris Agreement and the Dutch climate Agreement.
(C1) Sustainability Outcome #3: (Target 1)	Target is derived from the SDGs
(D1) Sustainability Outcome #4: (Target 1)	Target is derived from the SDGs
(E1) Sustainability Outcome #5: (Target 1)	Target is derived from the SDGs
(F1) Sustainability Outcome #6: (Target 1)	Target is derived from the SDGs
(G1) Sustainability Outcome #7: (Target 1)	Target is derived from the SDGs
(H1) Sustainability Outcome #8: (Target 1)	Target is derived from the SDGs
(I1) Sustainability Outcome #9: (Target 1)	The goal is based on the goals laid out by the Paris Agreement and the Dutch climate Agreement.
(J1) Sustainability Outcome #10: (Target 1)	The goal is based on the goals laid out by the Paris Agreement and the Dutch climate Agreement.

## Tracking progress

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 3.1	SO 5.1, SO 5.2	PUBLIC	Tracking progress	1

**Does your organisation track intermediate performance and progress against your sustainability outcomes targets?**

(A1) Sustainability Outcome #1: (Target 1)	(1) Yes
(B1) Sustainability Outcome #2: (Target 1)	(1) Yes
(C1) Sustainability Outcome #3: (Target 1)	(1) Yes
(D1) Sustainability Outcome #4: (Target 1)	(1) Yes
(E1) Sustainability Outcome #5: (Target 1)	(1) Yes

(F1) Sustainability Outcome #6: (Target 1)	(1) Yes
(G1) Sustainability Outcome #7: (Target 1)	(1) Yes
(H1) Sustainability Outcome #8: (Target 1)	(1) Yes
(I1) Sustainability Outcome #9: (Target 1)	(1) Yes
(J1) Sustainability Outcome #10: (Target 1)	(1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5.1	PLUS	SO 5	N/A	PUBLIC	Tracking progress	1

**How does your organisation track intermediate performance and progress against your sustainability outcomes targets?**

**Please describe below:**

(A1) Sustainability Outcome #1: (Target 1)	Monthly monitoring and reporting. This will be discussed in the set up governance structure. The Strategy and Implementation Steering Committee is responsible for driving and overseeing RI developments and ensuring that we integrate climate-related risks/opportunities into our strategy. This committee also ensures involvement at the senior management level on the topic and implementation of described business practices related to climate change.
(B1) Sustainability Outcome #2: (Target 1)	Monthly monitoring and reporting. This will be discussed in the set up governance structure. The Strategy and Implementation Steering Committee is responsible for driving and overseeing RI developments and ensuring that we integrate climate-related risks/opportunities into our strategy. This committee also ensures involvement at the senior management level on the topic and implementation of described business practices related to climate change.
(C1) Sustainability Outcome #3: (Target 1)	Ongoing monitoring and monthly reporting
(D1) Sustainability Outcome #4: (Target 1)	Ongoing monitoring and monthly reporting
(E1) Sustainability Outcome #5: (Target 1)	Ongoing monitoring and monthly reporting

(F1) Sustainability Outcome #6: (Target 1)	Ongoing monitoring and monthly reporting
(G1) Sustainability Outcome #7: (Target 1)	Ongoing monitoring and monthly reporting
(H1) Sustainability Outcome #8: (Target 1)	Ongoing monitoring and monthly reporting
(I1) Sustainability Outcome #9: (Target 1)	Ongoing monitoring and monthly reporting
(J1) Sustainability Outcome #10: (Target 1)	Ongoing monitoring and monthly reporting

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5.2	PLUS	SO 5	N/A	PUBLIC	Tracking progress	1

**Describe any qualitative or quantitative progress achieved during the reporting year against your sustainability outcomes targets.**

	(1) Qualitative progress	(2) Quantitative progress
(A1) Sustainability Outcome #1: (Target 1)	measuring and reporting engagement progress with utilities, oil & gas companies	performance versus benchmark & absolute performance
(B1) Sustainability Outcome #2: (Target 1)	measuring and reporting engagement progress with utilities, oil & gas companies	performance versus benchmark & absolute performance
(C1) Sustainability Outcome #3: (Target 1)		performance versus benchmark & absolute performance
(D1) Sustainability Outcome #4: (Target 1)		performance versus benchmark & absolute performance
(E1) Sustainability Outcome #5: (Target 1)		performance versus benchmark & absolute performance
(F1) Sustainability Outcome #6: (Target 1)		performance versus benchmark & absolute performance
(G1) Sustainability Outcome #7: (Target 1)		performance versus benchmark & absolute performance

(H1) Sustainability Outcome #8: (Target 1)	performance versus benchmark & absolute performance
---	--

(I1) Sustainability Outcome #9: (Target 1)	absolute performance
---	----------------------

(J1) Sustainability Outcome #10: (Target 1)	absolute performance
--	----------------------

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 6	PLUS	SO 3.1	SO 6.1	PUBLIC	Tracking progress	2

**Despite your organisation's efforts to make progress on your sustainability outcomes, there may be stakeholders who have been negatively affected by your organisation's activities. For each of your sustainability outcomes, indicate whether your organisation ensures that stakeholders who have been negatively affected are able to seek an effective remedy.**

(A) Sustainability Outcome #1:	(1) Yes
--------------------------------	---------

(B) Sustainability Outcome #2:	(1) Yes
--------------------------------	---------

(C) Sustainability Outcome #3:	(2) No
--------------------------------	--------

(D) Sustainability Outcome #4:	(2) No
--------------------------------	--------

(E) Sustainability Outcome #5:	(2) No
--------------------------------	--------

(F) Sustainability Outcome #6:	(2) No
--------------------------------	--------

(G) Sustainability Outcome #7:	(2) No
--------------------------------	--------

(H) Sustainability Outcome #8:	(2) No
--------------------------------	--------

(I) Sustainability Outcome #9:	(2) No
--------------------------------	--------

(J) Sustainability Outcome #10:	(2) No
---------------------------------	--------

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 6.1	PLUS	SO 6	N/A	PUBLIC	Tracking progress	2

**How does your organisation ensure that stakeholders negatively affected by your activities are able to seek an effective remedy?**

**Please describe below:**

(A) Sustainability Outcome #1:

Existing clients are informed as we publicly disclosed our climate change policy and discussed this with important distributors to ensure that clients are aware of the goal on climate change. We also ensured that it followed our procedures and governance of setting these goals into existing investment strategies at NN IP.

(B) Sustainability Outcome #2:

Existing clients are informed as we publicly disclosed our climate change policy and discussed this with important distributors to ensure that clients are aware of the goal on climate change. We also ensured that it followed our procedures and governance of setting these goals into existing investment strategies at NN IP.

# Investors' individual and collective actions shape outcomes

## Levers for shaping outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 7	PLUS	SO 3.1	SO 7.1 - SO 22,	PUBLIC	Levers for shaping outcomes	1, 2, 5

Which levers did your organisation or service providers/external investment managers acting on your behalf use to make progress on your sustainability outcomes during the reporting year?

	(1) Individually	(2) With other investors or stakeholders
(A) Asset allocation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Investee engagement including voting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Systemic stewardship including policy engagement	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(D) None of the above	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 7.1	PLUS	SO 7	N/A	PUBLIC	Levers for shaping outcomes	1, 2, 5

Considering all the levers you indicated in the previous question, indicate the overall budget you allocated specifically to shaping sustainability outcomes in the reporting year. This indicator refers to the budget dedicated exclusively to shaping sustainability outcomes. Please refer to the Explanatory notes for detailed guidance to determine what to include in the budget figure.

(A) Asset allocation	US\$ 12,000.00
----------------------	----------------

(B) Investee engagement including voting	US\$ 21,000.00
--	----------------

(C) Systemic stewardship including policy engagement	US\$ 4,000.00
--	---------------

## Asset allocation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 8	PLUS	SO 7	N/A	PUBLIC	Asset allocation	1

Describe how your organisation used asset allocation specifically to make progress on your sustainability outcomes during the reporting year, excluding participation in structures involving other stakeholders, such as blended finance. Provide details on how you expect these measures to make a significant change to the cost and/or availability of capital to finance progress on your sustainability outcomes.

Please describe below:

(A) Sustainability Outcome #1:	n/a
--------------------------------	-----

(B) Sustainability Outcome #2:	n/a
--------------------------------	-----

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 9	PLUS	SO 7	N/A	PUBLIC	Asset allocation	1, 5

During the reporting year, did your organisation invest alongside investors, governments or other organisations through innovative financial instruments or strategies, such as blended finance, to make progress on your sustainability outcomes? Provide details on how you expect these instruments or strategies to make a significant change to the cost and/or availability of capital to finance progress on your sustainability outcomes.

Please describe below:

(A) Sustainability Outcome #1:	partnership with FMO, Dutch Development Bank
--------------------------------	--

(B) Sustainability Outcome #2:	partnership with FMO, Dutch Development Bank
--------------------------------	--

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 10	PLUS	Multiple, see guidance	N/A	PUBLIC	Asset allocation	1, 5

**In which asset classes did your organisation, or your external investment managers acting on your behalf, use asset allocation to make progress on your sustainability outcomes during the reporting year? For each asset class, indicate the proportion of assets under management that you dedicated to making progress on your sustainability outcomes.**

**(1) Listed equity**

(A) Sustainability Outcome #1:	(3) We used a minority of our AUM to advance our sustainability outcomes
--------------------------------	--

(B) Sustainability Outcome #2:	(3) We used a minority of our AUM to advance our sustainability outcomes
--------------------------------	--

**(2) Fixed income**

(A) Sustainability Outcome #1:	(3) We used a minority of our AUM to advance our sustainability outcomes
--------------------------------	--

(B) Sustainability Outcome #2:	(3) We used a minority of our AUM to advance our sustainability outcomes
--------------------------------	--



## Investee engagement including voting

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 11	PLUS	SO 7	N/A	PUBLIC	Investee engagement including voting	2

During the reporting year, how did your organisation or service providers/external investment managers acting on your behalf engage with investees specifically to make progress on your sustainability outcomes? This indicator refers to the engagement activities dedicated exclusively to shaping sustainability outcomes.

	(1) Sustainability Outcome #1:	(2) Sustainability Outcome #2:	(3) Sustainability Outcome #3:	(4) Sustainability Outcome #4:	(5) Sustainability Outcome #5:
(A) At shareholder meetings, we voted in favour of all resolutions or proposals that advanced our sustainability outcomes and voted against all those that undermined them	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) We filed or co-filed shareholder resolutions or proposals that advanced our sustainability outcomes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) We used our positions on investee boards and board committees to advance our sustainability outcomes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We negotiated with and monitored the stewardship actions of suppliers in the investment chain	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Where necessary, we resorted to litigation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Other, please specify:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	(6) Sustainability Outcome #6:	(7) Sustainability Outcome #7:	(8) Sustainability Outcome #8:	(9) Sustainability Outcome #9:	(10) Sustainability Outcome #10:
(A) At shareholder meetings, we voted in favour of all resolutions or proposals that advanced our sustainability outcomes and voted against all those that undermined them	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) We filed or co-filed shareholder resolutions or proposals that advanced our sustainability outcomes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) We used our positions on investee boards and board committees to advance our sustainability outcomes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We negotiated with and monitored the stewardship actions of suppliers in the investment chain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Where necessary, we resorted to litigation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Other, please specify:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 12	PLUS	SO 7	N/A	PUBLIC	Investee engagement including voting	2

**What is your organisation's approach to engaging with investees as a means to make progress on your sustainability outcomes? Please discuss the reasons why you have chosen any specific engagement tools to make progress on each of your sustainability outcomes. Please also explain how you combine different engagement tools to advance each sustainability outcome.**

Please describe below:

(A) Sustainability Outcome #1:

In our efforts on mitigating the effects of climate change we strive for impact on real economy emissions. This means that we prefer approaches and/ or methods which provide the best opportunities to deliver impact in the real economy. For instance, pure divestment from for example fossil fuel related exposure doesn't directly lead to emission reduction in the real world. Therefore, we take an engagement-led disinvestment approach in stimulating the transition to a low carbon economy. We have a specific program focusing on engaging with electric utilities focusing on the need to transition to a low carbon economy and phase out of coal. We also have several engagements with Oil & Gas companies on the risk of climate change and the need to transition.  
**(response continued in row below)**

---

We also use our voting rights on climate by: • Voting against re-election of board members from companies that do not disclose their carbon emissions. • Voting for proposals for disclosures on climate change risks and opportunities following guidelines from the Task Force on Climate-related Financial Disclosures (TCFD). • Supporting proposals that request a company to consider energy efficiency and renewable energy sources in its business strategy. • Voting in favour of proposals for the development of a climate change strategy. • Voting in favour of value-enhancing resolutions that ask businesses to reduce greenhouse gas (GHG) emissions • Voting against re-appointment of the incumbent directors if no short-, medium- and long-term targets to transition to a low-carbon economy on climate change emissions refer to the direct emissions from the company • Not supporting a company's annual report and account if it fails to disclose non-financial ESG information that we consider material to the company..

---

(B) Sustainability Outcome #2:

In our efforts on mitigating the effects of climate change we strive for impact on real economy emissions. This means that we prefer approaches and/ or methods which provide the best opportunities to deliver impact in the real economy. For instance, pure divestment from for example fossil fuel related exposure doesn't directly lead to emission reduction in the real world. Therefore, we take an engagement-led disinvestment approach in stimulating the transition to a low carbon economy. We have a specific program focusing on engaging with electric utilities focusing on the need to transition to a low carbon economy and phase out of coal. We also have several engagements with Oil & Gas companies on the risk of climate change and the need to transition.  
**(response continued in row below)**

---

We also use our voting rights on climate by: • Voting against re-election of board members from companies that do not disclose their carbon emissions. • Voting for proposals for disclosures on climate change risks and opportunities following guidelines from the Task Force on Climate-related Financial Disclosures (TCFD). • Supporting proposals that request a company to consider energy efficiency and renewable energy sources in its business strategy. • Voting in favour of proposals for the development of a climate change strategy. • Voting in favour of value-enhancing resolutions that ask businesses to reduce greenhouse gas (GHG) emissions • Voting against re-appointment of the incumbent directors if no short-, medium- and long-term targets to transition to a low-carbon economy on climate change emissions refer to the direct emissions from the company • Not supporting a company's annual report and account if it fails to disclose non-financial ESG information that we consider material to the company..

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 13	PLUS	SO 7	N/A	PUBLIC	Investee engagement including voting	2

Please provide at least one example of how your organisation's individual engagement with investees, either directly or via service providers/external investment managers acting on your behalf, helped make progress on each of your sustainability outcomes during the reporting year, excluding collaborative initiatives.

#### Example 1

(A) Sustainability Outcome #1:

During 2020, we had several discussions with Shell on corporate governance and its ambition to become a net-zero emission leading energy company. The firm's announced strategy change has led to an increased focus on what actions Shell is undertaking to achieve its objective by addressing, for example, how it aims to sustain its societal license to operate, how it focuses capital expenditures on renewable energy sources, and how its remuneration is tied to strategic corporate objectives. To further support Shell's ambitions and urge the company to take its responsibility in the energy transition, we again voted for the Follow This shareholder resolution on emissions reduction targets. As active owners, we will continue to provide the company with feedback on how to improve its practices and deliver on its promises.

(B) Sustainability Outcome #2:

During 2020, we had several discussions with Shell on corporate governance and its ambition to become a net-zero emission leading energy company. The firm's announced strategy change has led to an increased focus on what actions Shell is undertaking to achieve its objective by addressing, for example, how it aims to sustain its societal license to operate, how it focuses capital expenditures on renewable energy sources, and how its remuneration is tied to strategic corporate objectives. To further support Shell's ambitions and urge the company to take its responsibility in the energy transition, we again voted for the Follow This shareholder resolution on emissions reduction targets. As active owners, we will continue to provide the company with feedback on how to improve its practices and deliver on its promises.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 14	PLUS	SO 7	N/A	PUBLIC	Investee engagement including voting	2, 5

During the reporting year, in which collaborative initiatives focused on engaging with investees did your organisation or service providers/external investment managers acting on your behalf participate to make progress on your sustainability outcomes?

Please describe below:

(A) Sustainability Outcome #1:

CA100+ (IIGCC and PRI) – climate Through the CA100+ initiative, we have been engaging with a number of companies (e.g. Shell, BASF, PGE, RWE, Enel, CEZ, Ecopetrol). Although we recognize that each company and case is unique and subject to local context, we are steering companies' boards towards: - Implementing a strong governance framework which clearly articulates the board's accountability and oversight of climate change risk; - Taking action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement; and - Providing enhanced corporate disclosure in line with the final recommendations of the TCFD and sector-specific Global Investor Coalition on Climate Change Investor Expectations on Climate Change guidelines, to enable investors to assess the robustness of companies' business plans against a range of climate scenarios RSPO – deforestation As a member of the Roundtable on Sustainable Palm Oil, we aim to develop and implement global standards for sustainable palm oil. **(response continued in row below)**

---

NN IP is a member of the Standard Standing Committee and the Financial Institutions Task Force. PRI – deforestation NN IP is part of the Sustainable Forests engagement group of PRI. NN IP is the lead investor for Ahold Delhaize, Casino Guichard Perrachon, Danone, Marfrig Global Foods and Unilever PLC. **(response continued in row below)**

---

Engagement objective examples include public deforestation policy that covers soy and beef, establish a clear protocol for supplier non-compliance for suppliers of soy and beef, report on full traceability and no-deforestation compliance metrics for soy and beef supply and suppliers, and set time bound, quantifiable emissions reduction targets for Scope 3 emissions. FAIRR – deforestation NN IP is a member of Farm Animal Investment Risk & Return, which aims to raise awareness of the material ESG risks and opportunities caused by intensive animal production. NN IP supports the engagements 'Building Sustainable Supply Chains' and 'Global Meat Sourcing'..

---

(B) Sustainability Outcome #2:

CA100+ (IIGCC and PRI) – climate Through the CA100+ initiative, we have been engaging with a number of companies (e.g. Shell, BASF, PGE, RWE, Enel, CEZ, Ecopetrol). Although we recognize that each company and case is unique and subject to local context, we are steering companies' boards towards: - Implementing a strong governance framework which clearly articulates the board's accountability and oversight of climate change risk; - Taking action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement; and - Providing enhanced corporate disclosure in line with the final recommendations of the TCFD and sector-specific Global Investor Coalition on Climate Change Investor Expectations on Climate Change guidelines, to enable investors to assess the robustness of companies' business plans against a range of climate scenarios RSPO – deforestation As a member of the Roundtable on Sustainable Palm Oil, we aim to develop and implement global standards for sustainable palm oil. **(response continued in row below)**

---

NN IP is a member of the Standard Standing Committee and the Financial Institutions Task Force. PRI – deforestation NN IP is part of the Sustainable Forests engagement group of PRI. NN IP is the lead investor for Ahold Delhaize, Casino Guichard Perrachon, Danone, Marfrig Global Foods and Unilever PLC. **(response continued in row below)**

---

Engagement objective examples include public deforestation policy that covers soy and beef, establish a clear protocol for supplier non-compliance for suppliers of soy and beef, report on full traceability and no-deforestation compliance metrics for soy and beef supply and suppliers, and set time bound, quantifiable emissions reduction targets for Scope 3 emissions. FAIRR – deforestation NN IP is a member of Farm Animal Investment Risk & Return, which aims to raise awareness of the material ESG risks and opportunities caused by intensive animal production. NN IP supports the engagements 'Building Sustainable Supply Chains' and 'Global Meat Sourcing'..

---

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 15	PLUS	SO 7	N/A	PUBLIC	Investee engagement including voting	2

Which of the following best describes your organisation's default position regarding collaborative initiatives to engage with investees in order to make progress on your sustainability outcomes?

- (A) We recognise that progress on sustainability outcomes suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- (B) We collaborate when our individual efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- (C) We collaborate in situations where doing so would minimise resource cost to our organisation
- (D) We do not have a default position but collaborate on a case-by-case basis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 16	PLUS	SO 7	SO 16.1	PUBLIC	Investee engagement including voting	2

During the reporting year, how did your organisation or the service providers/external investment managers acting on your behalf contribute to collaborative initiatives to engage with investees in order to make progress on your sustainability outcomes?

(A) By leading coordination efforts	(3) in a minority of cases
(B) By providing financial support	(4) in no cases
(C) By providing pro bono advice	(3) in a minority of cases
(D) By providing pro bono research	(3) in a minority of cases
(E) By providing pro bono training	(4) in no cases
(F) By providing administrative support	(4) in no cases



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 16.1	PLUS	SO 16	N/A	PUBLIC	Investee engagement including voting	2

Please provide details of how you contributed to collaborative initiatives to engage with investees in order to make progress on your sustainability outcomes.

**Provide describe below:**

(A) By leading coordination efforts

For a number of companies, NN IP is the lead investor who coordinates the engagement program. Under the PLWF investor group, NN IP is the lead investor for Barry Callebaut, Nestle, Mondelez, The Hershey Company and Olam. Another example are the climate engagements that we execute with other investors through Climate Action 100+. NN IP is the lead investor for BASF, CEZ and Rosneft.

(C) By providing pro bono advice

- NN IP and NN Group are member of several working groups. NN Group has joined the Paris Aligned Investment Initiative (PAII) from the IIGCC. Together with a large group of institutional investors, they explored existing tools and methods to align investment portfolios to Paris Alignment. A report has been published on the outcomes and can be used as guideline.
- The CRO Forum working group to explore/propose a method for carbon footprint insurance portfolio is reaching its end as we are working on the final chapter of a paper.
- UNEP FI TCFD insurer pilot This initiative is focused on scenario analysis for insurance portfolios
- DNB Sustainable Finance platform on Climate Risks. This involves writing of a paper on status of TCFD implementation.
- NN IP is co- lead of the Paris Aligned infrastructure working group of the Paris Aligned Initiative of the IIGCC.

(D) By providing pro bono research

As part of its membership at the PLWF, NN IP conducted extensive research into the cocoa sector, especially concerning the upstream supply chain. This research is accessible to all members of the PLWF. Specifically, NN IP co-designed an assessment methodology for agri-food companies that captures a range of data, such as: reporting transparency with regards to the supply chain and social standards; the assessment of child labour remediation systems; reporting standards on living incomes in the supply chain; progress/targets towards achieving a living income in the supply chain (especially concerning farmers); income diversification programmes related to farm-level households; community engagement practices of the company with stakeholders (incl. **(response continued in row below)**)

Farmers) on the ground. This assessment tool is accessible to all members of the PLWF and to all agri-food companies that are under engagement by the PLWF. It therefore does not only helps investors to assess their investee companies, but additionally helps those companies in focusing their efforts and achieving better human rights and living income standards in their supply chains..

Systemic stewardship including policy engagement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 17	PLUS	SO 7	N/A	PUBLIC	Systemic stewardship including policy engagement	2

Provide one example of how your organisation engaged with policymakers, either directly or via service providers or external investment managers acting on your behalf, to make progress on each of your sustainability outcomes during the reporting year, excluding collaborative initiatives.

Example:

(A) Sustainability Outcome #1:

NN IP supported (2020) the IIGCC letter calling for an economic recovery from Covid-19 in the EU that includes maintaining momentum on the Green Deal and sustainable finance agenda, with at least 25% of the EU's long-term budget contributing to climate objectives. It addresses several recommendations including prioritising human capital and job creation, supporting the Green Deal and upholding the Paris Agreement, prioritising climate resiliency and embedding investor participation in recovery planning. - In 2020, NN IP endorsed an investor letter to Indonesian authorities expressing concerns over loosening environmental protection regulations and increased deforestation. The initiative aims to start a dialogue with Indonesian ambassadors and relevant ministries in order to better outline our expectations for legislation that supports the conservation of forests and peatlands, and upholds human rights and the customary land rights of indigenous people. **(response continued in row below)**

---

- In 2020, NN IP signed an open letter to Brazilian embassies demanding an end to deforestation in Brazil. This has triggered a dialogue with members of the Brazilian congress to discuss the preservation of the country's tropical forests. We are encouraged by the initial response and dialogue, and will continue to monitor the enforcement of Brazil's Forest Code and other environmental and human rights legislation..

---

(B) Sustainability Outcome #2:

NN IP supported (2020) the IIGCC letter calling for an economic recovery from Covid-19 in the EU that includes maintaining momentum on the Green Deal and sustainable finance agenda, with at least 25% of the EU's long-term budget contributing to climate objectives. It addresses several recommendations including prioritising human capital and job creation, supporting the Green Deal and upholding the Paris Agreement, prioritising climate resiliency and embedding investor participation in recovery planning. - In 2020, NN IP endorsed an investor letter to Indonesian authorities expressing concerns over loosening environmental protection regulations and increased deforestation. The initiative aims to start a dialogue with Indonesian ambassadors and relevant ministries in order to better outline our expectations for legislation that supports the conservation of forests and peatlands, and upholds human rights and the customary land rights of indigenous people. **(response continued in row below)**

---

- In 2020, NN IP signed an open letter to Brazilian embassies demanding an end to deforestation in Brazil. This has triggered a dialogue with members of the Brazilian congress to discuss the preservation of the country's tropical forests. We are encouraged by the initial response and dialogue, and will continue to monitor the enforcement of Brazil's Forest Code and other environmental and human rights legislation..

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 19	PLUS	SO 7	N/A	PUBLIC	Systemic stewardship including policy engagement	2

**Does your organisation have governance processes in place to ensure that your engagement with policymakers is aligned with your sustainability outcomes?**

**(1) Yes. Please describe:**

(A) Sustainability Outcome #1:

Our engagement with policy makers is acted upon both form senior colleagues form legal department as well as the RI team where it is coordinated by RI team and aligned with the identified key roles and responsibilities in order to create ownership of climate issues. The Strategy and Implementation Steering Committee (SISC) is responsible for driving and overseeing RI developments and ensuring that we integrate climaterelated risks/opportunities into our strategy. This committee also ensures involvement at the senior management level on the topic and implementation of described business practices related to climate change. Here the conversations with policymakers is made part of the conversations of RI regulatory change which is overseen by the SISC.

(B) Sustainability Outcome #2:

Our engagement with policy makers is acted upon both from senior colleagues from legal department as well as the RI team where it is coordinated by RI team and aligned with the identified key roles and responsibilities in order to create ownership of climate issues. The Strategy and Implementation Steering Committee (SISC) is responsible for driving and overseeing RI developments and ensuring that we integrate climate-related risks/opportunities into our strategy. This committee also ensures involvement at the senior management level on the topic and implementation of described business practices related to climate change. Here the conversations with policymakers is made part of the conversations of RI regulatory change which is overseen by the SISC.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 20	PLUS	SO 7	N/A	PUBLIC	Systemic stewardship including policy engagement	2, 4

**Provide an example of how your organisation or the service providers/external investment managers acting on your behalf contributed during the reporting year to a public policy development that will help make progress on your sustainability outcomes.**

**Example:**

(B) Sustainability Outcome #2:

New legislation stemming from the EU Action Plan for a greener economy required NNIP, as an asset manager, to classify all of its investment products on the basis of sustainability as part of SFDR Level 1. This included providing greater transparency on how NN IP integrates sustainability risks and opportunities in its investment decisions and recommendations, including for those funds whose objective relates to carbon intensity and footprint (e.g. green bonds). We participate actively in calls and requests for feedback from organisations like DUFAS and EFAMA, to finetune the interpretation of the legislation and further development thereof.

# Global stakeholders collaborate to achieve outcomes

## Tracking progress against global goals

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 23	PLUS	SO 3.1	N/A	PUBLIC	Tracking progress against global goals	4

Does your organisation engage with standard setters, reporting bodies or similar organisations to help track and communicate progress against global sustainability goals?

☐ (A) Yes. Please describe:

☒ (B) No. Please describe why not:

In order to answer 'yes', we believe we would need to have more specific indicators to track and communicate progress. However, we would like to provide the following examples of what we do already:

- As a member of the Roundtable on Sustainable Palm Oil (RSPO), a not-for-profit organisation that unites stakeholders from the seven sectors of the palm oil industry – oil palm producers, processors/traders, consumer goods manufacturers, retailers, banks/investors, and environmental and social nongovernmental organisations (NGOs) – we aim to develop and implement global standards for sustainable palm oil. NN IP is a member of the Standard Standing Committee and the Financial Institutions Task Force.
- NN IP signed a statement that requested guidance on the implementation of the UN Guiding Principles on Business and Human Rights Reporting Framework. The framework is intended to help companies “know and show” their management of human rights risks. The UN Guiding Principles Reporting Framework was developed through the Reporting and Assurance Frameworks Initiative (RAFI) in an open, global, and consultative process coordinated by Shift and Mazars. This framework can serve as a useful guide for investors to identify human rights risks in individual companies, review improved disclosure on human rights performance, and engage on human rights issues.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 24	PLUS	SO 3.1	N/A	PUBLIC	Tracking progress against global goals	4

Does your organisation contribute to public goods (such as research) or public discourse (such as media coverage) to make progress on global sustainability goals?

☒ (A) Yes. Please describe:

#### Research papers

- ESG Integration in Automated Intelligence Team's investment process: The team took an inclusion approach where they used artificial intelligence and a proprietary model to identify what are the best regarded companies in ESG matters.. Specifically the datasets on Materiality Insight score and Materiality Momentum score was used to identify companies with improving or deteriorating ESG.
- ESG Integration in EMD Hard Currency Sovereign: NN IP's proprietary Sovereign ESG scores were integrated with the Sovereign Risk Model (SRM). The SRM provides the portfolio managers with a Relative Country Value score (combination of macroeconomic and ESG factors) for all countries in our universe. The analysis provides support for the addition of E and S factors in the quantitative Sovereign Risk model increasing the number of variables to include E, S and G is especially valuable when analysing High Beta spread levels.
- ESG and Corporate Bond Predictability: The research investigated if ESG factors can predict investment grade corporate bond returns. ESG data from True Value Labs and Refinitiv was combined with bond database of BofAML. The univariate results indicate bonds with best overall ESG scores outperforms bond's return with lowest ESG score when S&P 500 is down. However upon adding control variable in multivariate setting the result do not hold.

#### Participation in webinars/roundtables (2020)

- UpsideDown series with several high-level speakers on sustainability
- Morningstar Annual Seminar
- Sustainable Investment Forum
- CFA ESG roundtable
- CFA webinar on sustainable bonds
- Finch Beak panel on ESG
- VBDO webinar on child labour
- Salone di SRI roundtable on RI and ESG
- Borsa Italiana webinar on sustainability week
- MVO NL webinar on sustainability reporting
- MVO NL webinar on chemicals sector
- Asian Leadership Conference Korea
- AFM session on ESG
- EU sessions in Brussels on sustainable finance

- o (B) No. Please describe why not: