

# Creating value for our stakeholders



## Adding value for customers

Our customers are the starting point of everything we do. We help people care for what matters most to them by being there for them at each of the key moments in their personal and professional lives. We do this in good times and bad times, shouldering the risks they cannot bear alone.

Being there for customers means providing solutions that create long-term value, and developing products and services that meet their real needs through each phase of their lives.

For young adults leaving home for the first time to study or travel, we offer relevant liability and travel insurance. For young professionals renting a first home, or starting out on their careers, increasingly often as freelancers with all the uncertainties that can bring, we offer income and legal protection insurance, consumer loans, and savings and investment solutions.

As our customers enter middle age, their financial burdens and risks tend to multiply. They get married, have children, buy a house, get fired or divorced, start their own business or buy a holiday home. Unfortunately the chances of serious illness also grow. For each of these momentous events, we are there – with mortgages and retirement plans, investment advice, home or corporate liability insurance. Offering innovative products that reflect the changing world in which our customers live.

And finally, as people face retirement our commitment to creating long-term value becomes even more vital. We want to support them in having a happy and meaningful life. Whether it is a pension, help in finding ways to stay socially active, or an investment strategy with an eye on their grandchildren's future.

## Creating value – Customers

### Key performance indicators Customers and distribution

- Customer engagement (NPS): All insurance business units scoring above market average NPS by 2023  
2020: 4 out of 11 business units
- Brand consideration<sup>1</sup>: 28% by 2023  
2020: 21%

<sup>1</sup> Measured by GBHM (Global Brand Health Monitor).

### Key performance indicators Products and services

We are in the process of further refining key performance indicators in this area, for the different NN business units. Below KPIs have been set in qualitative terms.

- Netherlands Life: Growth in Defined Contributions AuM
- Netherlands Non-life: Expand data and underwriting capabilities, and leverage on additional scale of VIVAT Non-life
- Insurance Europe: Continue shift to protection products and invest in main banking partnerships
- Japan Life: Continued focus on COLI protection and adapt product offering to new tax regime
- NN Investment Partners: Top quartile investment performance
- Banking: Expand retail product offering

### Knowing and learning what our customers want

We engage with our customers to ensure our products and services are relevant to them, and invest considerable resources in Customer and User Experience capabilities to get better insights into what they exactly want before we build it. For example, Booster, NN's own innovation expertise centre, helps colleagues develop successful products and services by applying the NN Innovation Method in order to challenge on customer engagement, and by continuously validating and experimenting with potential customers and partners.

In the Netherlands we are investing in User Research and User Experience capabilities to ensure that our digital solutions work in practice.

Through our distribution network we learn from our partners and colleagues for what kind of issues customers need solutions. For example, at NN Investment Partners (NN IP), we expand our global client servicing platform with a client portal so we can offer asset management clients the dual benefits of a digital and personal experience, and more customised solutions. Since we have more frequent and higher-quality interaction with them, we continue to learn more about their needs and can finetune our solutions accordingly.

### Improving the customer experience

To ensure we are there where our customers want us to be, we try to offer them the choice to interact with NN through digital channels, brokers and/or our tied agent network in Europe. By smart use of data & AI insights, we also try to ensure customers can access products and services in the ways that suit them best.

We are regularly entering new partnerships and strengthening existing ones. For example, the acquisition of VIVAT Non-life includes the Volksbank Non-life distribution agreement. This creates a valuable additional bancassurance distribution channel in the Netherlands, where we now have distribution arrangements with almost all large banks. NN Belgium Life partnered with one of the most prominent brokers in Belgium, Wilink, strengthening our distribution in the retail and self-employed broker segments. While in the Czech Republic, we have partnered with Air Bank to sell and service our pension products through their digital channels and branch network.

## Being there, in good times and bad times

Being there for customers means providing solutions that create long-term value, and developing products and services that meet their real needs through each phase of their lives.



### For young adults

#### Leaving home for the first time

- Travel insurance

#### Living on your own

- Home insurance (furniture)
- Personal loan



### Young professionals

#### Starting a career

- Term life insurance
- P&C insurance

#### First home

- Savings solutions
- Mortgage



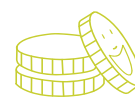
### Middle age

#### Daily life

- Car insurance
- Home insurance (building)

#### Thinking about the future

- Term life insurance
- Retail investment



### Retirement

#### Daily life

- Health care insurance
- Legal insurance

#### Pension

- Immediate (bank) annuities
- Term deposits

## Creating value – Customers continued

### Developing new customer engagement platforms

In the digital age, value for customers can be added by improving access to services. That is why we are always looking at developing new customer engagement platforms. These can be platforms developed in-house, platforms that we set-up together with partners or we join a platform owned by a partner.

A platform can help us find new ways to sell or improve our traditional (insurance) products. Recent examples are:

- **Brickler** – an algorithm-driven peer-to-peer platform that directly connects house sellers and buyers, offering third-party services for each step in the selling process to reduce costs for both parties.
- **Insify** – a fully digital insurance platform that lets small businesses arrange their own insurance anytime, anywhere.
- **Invers** – NN has bought a stake in this 'fintech enabler' that develops smart technology to analyse and deliver financial data to Financials. As NN Bank becomes more top-of-mind and relevant to customers, the number of frequent-interaction, deep-engagement relationships it has with those customers will grow. Invers can provide data-driven insights that will help understand customers' needs. This enables us to develop new propositions, such as the NOVA financial planning app that NN Bank created in collaboration with Invers.
- **Powerly** – supports people with tailored advice on making their homes energy-efficient. For example, by installing solar panels or a heat pump.
- **Cowboy** – together with insuretech Qover, NN has set up a bike insurance product which is sold through various channels, both online and offline. Our insurance is now sold via several partners, like Cowboy, Decathlon, Angell Bike in the Netherlands, Belgium, Germany and France.

For business clients, an engagement platform will serve as an ecosystem of relevant content and services:

- **HCS** – in the Netherlands HCS is a one-stop provider for employers and employees that brings together services over the full employability chain. New well-being services and a platform are being developed to support employees of SMEs in their mental and physical well-being and to support employers in increasing employee engagement and productivity.
- **Cyberwacht** – offers an emergency hotline to help SMEs or freelancers who have been hacked minimise the impact.
- **Kokotomo** – this platform was launched in Japan and is specifically tailored for the partners of SME owners whose spouses have passed away. The platform helps them connect with each other during their grieving period and also provides support in the takeover and running of the family business.
- **Kagyo Aid** – a Japanese platform where SME owners' children can interlink and assist each other in preparing for a successful business takeover from their parents.

Moreover, we are developing and piloting retail engagement platforms that centre on key themes such as Carefree Retirement and Self-care:

- **Zorggenoot** – a network of local experts who help find, arrange and finance informal elderly homecare. A pilot is currently running in partnership with Dutch health insurer CZ.
- **Kwiek** – a platform that helps people aged 65+ finding a job, thereby also seeking solutions for social problems around retirement such as loneliness.
- **Klup** – a social platform start-up for active people aged 50+ that NN has invested in. The platform aims to prepare for a carefree retirement, not just financially, but also by being socially engaged and staying (mentally) healthy.
- **Self-care** – colleagues in Poland and Turkey are working on building a customer engagement platform focused on selfcare services. This will empower people to look after their family's health by providing access to digital health services, making seeing a doctor easier and quicker, and building healthy habits.

### Providing relevant new products

A good example is Hello Mobility, a fleet management solution launched in 2019 in the Netherlands which was significantly scaled up in 2020. It provides personalised, data-driven tips on driving behaviour and accident avoidance for truck drivers, and an online dashboard for the business showing key fleet-wide metrics. This benefits both or the business (lower fuel bills and insurance premiums), society (fewer road accidents) and the planet (lower CO<sub>2</sub> emissions).

In Turkey, we introduced Return of Premium, a long-term life protection product with a partial premium return to the insured person at maturity. And in Poland, NN and ING launched 'two-wheeler insurance' for e-bike, bicycle and scooter users in response to a real need for this coverage, as bike usage is rising.

### Educating and powering customers

To become a genuine thought leader, NN needs to find distinctive ways to address trends within society. We do this in four ways:

- Participate in public debate. For example, our involvement in the high-level discussion around pensions that has been taking place in recent years in various countries where NN operates, including the Netherlands, Romania and Poland.
- Collaborate with research institutes to develop relevant, high-quality content. For example, recent research carried out with market research agency Kien Onderzoek into Dutch workers' awareness and expectations regarding the new Pension Agreement.
- Provide trend analyses and insights, for example through our Dutch Pension TV YouTube channel.
- Help customers cope with today and tomorrow's societal issues (see Klup, Kwiek and Zorggenoot). Or through the 'Pension Help' service of NN Life & Pensions for customers approaching pension age.

## Creating value – Customers continued

### Helping customers address societal challenges

As part of this wider engagement with the communities in which NN operates, we strive to develop products and services that support our customers while also helping them address wider societal issues. A good example is our launching of Woonnu and Powerly (see previous page) in the Netherlands in 2020.

Woonnu is a mortgage label launched by NN as part of our commitment to the Paris Climate Agreement. Woonnu incentivises sustainable living, for example by linking your interest rate to your home's energy label. It also integrates sustainability and renovation advice into the mortgage application process.

### Supporting specific groups in society

A core part of our strategy is that we want to contribute to an inclusive society. The following initiatives show how we have tried to achieve that in different countries in 2020.

In Spain, we launched Contigo Autónomo to help the self-employed, a group particularly hard hit by the Covid-19 pandemic, protect themselves from the negative impact of work incapacity due to illness or injury. This flexible insurance product offers a payment sufficient to support their family and business, plus relevant extra services such as physiotherapy, and legal and technological support.

In Japan, NN was the first life insurance company to initiate policy loans at zero interest to support clients during the Covid-19 pandemic.

In Greece, the maximum age-at-entry for hospitalisation products is almost without exception 65. NN Hellas offers NN Hospital for All, an innovative product offering hospitalisation and outpatient coverage to people aged between 16 to 80 and covering even those considered 'non-insurable' due to their medical history. In response to social distancing, we developed a digital service for our tied agents, so clients can be serviced remotely.

### Improving our systems and digital capabilities

We want to offer customers solutions that will meet their needs today and in the future. We are therefore streamlining our portfolio. Phasing out old products and legacy systems, and focusing on products and services that are truly relevant to customers. Thereafter we will continuously finetune these solutions to reflect the evolving needs of customers and society. So, for example, when the Delta Lloyd mortgage portfolio was migrated to NN systems some 25 mortgage products were combined into one new NN product.

NN Life has improved several processes for pension-participants, by making them digitally available. Pensioners can now make choices regarding their pension payments and partner pensions via a digital form at mijn.nn instead of filling in a paper response form.

Every aspect of our products and services portfolio must also be supported by robust, futureproof technology and systems. So we are working hard to simplify our systems wherever necessary. In 2020, NN Belgium Life completed the migration to a target retail protection platform for brokers and decommissioned the legacy system making its operations more efficient. Similarly, various legacy issues were addressed within Non-life and we successfully carried out a number of other important platform migrations, including ATOS's Virtual Desktop Infrastructure (VDI).

### Enhancing digital capabilities to serve customers better

To optimise the customer experience, we are continually enhancing our digital capabilities. We use leads, process automation and data analytics to ensure an ongoing interaction with customers, which gives us a clearer idea of the personalised solutions they require and build lasting relationships with them. As an example, we are introducing speech-to-text mining in our call centres to better understand customer needs in an automated way.

Also in 2020, international market research agency Living Group ranked NN IP in the top 10 asset managers for excellent digital experience. NN IP has found new ways to connect with clients and potential clients in a digital environment, for example through its social media channels, thought leadership digital events and Market Talk podcast series.

### Data science capabilities

Financial services today depend heavily on data science and artificial intelligence (AI) to make product offerings faster, more precise and more effective.

For some years now, NN's Advanced Analytics Competence Centre has been building data science capabilities and we are now onboarding more data scientists closer to the business. We have also developed an extensive data and AI literacy programme. We have trained more than 700 employees through our e-learning programme. The course focused on how to use data science to address key areas like improving the customer experience and lowering costs.

In 2020, we trained a first group of Business Translators, whose role will be to bridge the gap between the business and data science teams. This implies working with managers on strategic goals, and bringing business use cases to the data science teams. The aim is to address a large range of activities, from email automation and speech-to-text call analytics, to core activities such as pricing and underwriting.



## Creating value – Customers continued

### Our brand

Having a strong, well-known brand reassures our customers of the quality of our offering, and enhances our credibility with our industry and the marketplace as a whole. As we build brand credibility, we also build recognition, loyalty and competitiveness. Moreover, we believe customers engage with companies they like, know and trust, and a strong brand helps in this process.

### How customers view our products and services

Through customer feedback we learn about their preferences and views, helping us modify our services to meet their needs. We focus on several key metrics. All these key metrics are combined in what we refer to as the Global Brand Health Monitor (GBHM). The GBHM is used to track how our brand is perceived externally, and to gain insights into brand performance and development over time.

### Net Promoter Score

One of the key metrics in the GBHM is the internationally recognised Net Promoter Score (NPS) system, which measures how likely it is that our customers recommend our products and services to colleagues, friends, or family. There are different sorts of NPS. The relational NPS (NPS-r) is used to measure the strength of the relationship with customers, and to gain understanding of long-term customer satisfaction over time. We use the NPS-r to compare NN to market averages (see table). For the Netherlands, the NPS score refers to retail customers of Nationale Nederlanden brand in Life and Non-life insurance. Japan will be included in 2021, as comparable scores were not available in 2020.

In 2020, NPS scores have in general been under pressure, as can be seen from the decline in market averages (see table). This was likely partly due to the pandemic. For NN, unfortunately a significant decrease in scores occurred in Belgium, Bulgaria, Greece, Hungary, the Netherlands, and Spain. We are pleased that Turkey shows a significant increase. All in all, in 2020 four of our businesses scored above market average, similar to 2019. Our aim is for all business units to score above market average by 2023. To that end, we will also conduct additional research at local level to get a better understanding of what drives the NPS-r scores, to reflect on our service offerings and prioritise our improvement actions accordingly.

### NPS

Business unit	2020 Result	2019 Result	2020 Market average	2019 Market average
Belgium	-27	-1	5	0
Bulgaria	-3	20	5	16
Czech Republic	5	9	13	18
Greece	15	30	17	22
Hungary	37	51	31	44
Netherlands	-30	-13	-16	-9
Poland	35	36	13	27
Romania	54	66	29	64
Slovakia <sup>1</sup>	1	4	-2	11
Spain	14	34	20	31
Turkey	70	64	50	56

<sup>1</sup> For the measurement of the number of business units scoring above market average, a margin of 5 points is used.

### Brand consideration

Business unit	2020 Result	2019 Result
Belgium	3%	4%
Bulgaria	15%	16%
Czech Republic	13%	13%
Greece	21%	30%
Hungary	23%	26%
Japan	13%	11%
Netherlands	20%	29%
Poland	29%	27%
Romania	67%	58%
Slovakia	19%	19%
Spain	9%	9%
Turkey	11%	16%

In addition to NPS-r, we also measure the transactional NPS (NPS-t) at a local level as a follow-up for actions or events in which customers have been in contact with us. The NPS-t is used to measure how satisfied customers are with recent interaction. Insights in NPS-t help us improve the customer journey, and we will intensify the measurement of this metric for specific events to measure customer satisfaction. While we frequently measure NPS-t, it is not included in the GBHM.

### Brand consideration

At least twice a year, we measure key brand indicators, such as brand consideration and brand preference. Brand consideration is measured to monitor the preferences of customers. Due to the pandemic many marketing communication plans had to be adjusted and activities were postponed. In some countries only around half of the originally allocated budgets were spent.

As a result most business units did not meet some of their brand targets. Overall, brand consideration has remained relatively stable for the majority of the business units. We are pleased that the score significantly improved in Romania, and slightly in Poland and Japan. The strong increase in Romania can be partly explained by the update of the competitors list that was used. Unfortunately, a significant decline occurred in Greece, the Netherlands and Turkey.

## Creating value – Our people

# Empowering our people to be their best

We nurture a culture aligned with our purpose, values and ambitions, which supports continuous learning, collaboration, and diversity of thinking. We consider all colleagues to be talents, and invest in an inclusive and inspiring environment so we are best equipped to take our business into the future.

### Supporting our people during the Covid-19 pandemic

Due to the Covid-19 pandemic most of our people had to work from home. With little delay, our employees came together to find solutions for our customers, partners and communities during the lockdown. In this they were supported by the efforts of our IT colleagues who created a robust infrastructure to allow for remote working. We developed training courses to support remote working, and to help employees and managers look after their well-being and to stay connected. We launched the NN Vitality platform which offers advice, physio modules and fitness webinars, alongside various initiatives across our business units to support people struggling with the new situation.

We see it as our responsibility as a large employer to help reduce the impact of Covid-19. Across our countries, the majority of employees have continued working from home, with the exception of those involved in critical processes and in necessary cases. In Japan, employees work in the office one day a week.

### NN culture

At NN, we believe everyone brings a set of unique talents and perspectives to the table. We want to create an inspiring environment for our employees by fostering an NN culture that supports an open mindset, an independent quest for knowledge, and shared learning agility directed towards making a difference.

### Employee value proposition

We operate in a tight labour market, particularly for specific skills in areas such as tech, finance, risk and investment. To position NN as an employer of choice, we launched our new employee value proposition (EVP) and a careers site for the Netherlands and Belgium, which will also be rolled out to other countries. The EVP is based on three pillars: NN's promise to employees; what our people value most; and what sets us apart from competitors.

Attracting and retaining the right talent more effectively will help us fulfil our ambition to be an industry leader known for our talented people. We will measure the effectiveness of our employee branding through employee rankings (e.g. the Brandchart Imago Research 2021), and by analysing the results of all activities.

### Key performance indicators

- Employee engagement  $\geq 7.8$  by 2023  
2020: 7.9
- 40% women in senior management positions by 2023  
2020: 33%

### Future way of working

We expect to continue to work more from home in the future, as our remote working experience has demonstrated we have the digital tools and capabilities to work differently. This also seems to be a common preference amongst employees, and thus a strong driver to explore how we can facilitate hybrid ways of working.

In the Netherlands, a multi-disciplinary team is designing the 'future way of working' approach, based on four pillars: location, leadership and communication, IT and tech, and HR policies. We are transforming our offices to facilitate spaces where we can connect, create and collaborate across departments. We will support our employees in this transformation, and will evaluate how they respond to the transition through surveys and focus groups, and in open dialogues with the Central Works Council and trade unions.

## NN Innovation Method



The NN Innovation Method, launched in 2019, is both a mindset and a way of working. By using a single framework we want to make all levels of innovation accessible to everyone at NN. The framework provides tools and support for colleagues working on both new propositions and innovations to existing projects, and helps colleagues enhance their customer engagement skills. The method values an agile, entrepreneurial

mindset. By validating ideas with real customers, project teams can stop projects early or pivot to a better approach before product launch.

In 2020, we trained over 250 colleagues across 16 business units in using the Innovation Method. A further 20 colleagues were trained to support local projects as certified innovation coaches.

## Creating value – Our people continued



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**Our approach to diversity is about recognising the uniqueness of each person and appreciating the value we all bring. Together we create an environment in which people feel welcome and respected.**

**Dailah Nihot**

Chief Organisation and Corporate Relations

In Spain and Poland, we are taking steps toward implementing hybrid working as the standard, with the office used for specific activities requiring intense collaboration. In Slovakia, alongside increased remote working, we will pilot a four-day work week, with employees using the fifth day for personal development.

### Investing in skills and capabilities

In 2020, following the launch of our company's new strategy, we developed the i-LEAD profile to capture the behaviours suited to our ambitions and values. It is focused on having open and meaningful conversations (Courageous Conversations) between managers and their teams, and on emphasising the skills, attitudes and behaviours that really matter to us. These are translated into a set of tangible competencies that will be implemented as part of the appraisal cycle in 2021. Working with the i-LEAD profile and the NN competencies will guide employees in how to contribute to NN's business objectives, and is expected to support personal and professional development and employee engagement.

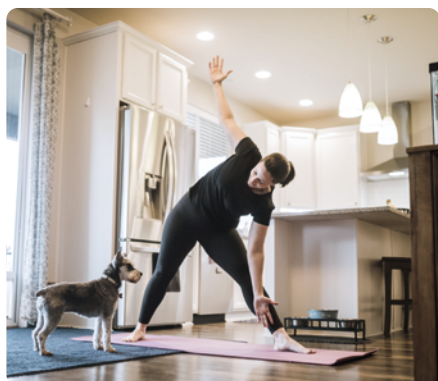
### Learning & development

In 2020, NN invested EUR 12.9 million in training and development (2019: EUR 18.9 million). The decrease in 2020 is largely due to the impact of the pandemic. Many external courses were cancelled or moved online, or employees chose alternatives. The internal training opportunities we created to support employees with remote working were often low or no-cost, yet valuable, such as peer-to-peer coaching.

We aim to offer a broad portfolio of training courses to help our people equip themselves for today and tomorrow. The Human Resources team works with our business units to define the overarching learning and development needs for the coming years. For example, in 2020 a data science & AI e-learning course was developed with our Customer & Commerce business unit in the Netherlands.

In addition, we further developed our leadership development portfolio. This includes a programme for first-time managers, and a training to support Courageous Conversations. We also launched a fast-track programme in 2020 for senior managers with high potential and we strengthened the NN traineeship programme to tailor to the specific needs of our businesses.

To help managers support their team members in finding a healthy and efficient way of working from home, we designed several toolkits. And, as we recognise the importance of different forms of learning and network building in leadership development, we use peer-to-peer coaching to bring our managers together to learn from each other, and to share issues and best practices.



**700**

NN colleagues attended 67 online vitality energisers



**436**

NN colleagues joined two Wo{men}talk sessions



**722**

NN colleagues completed the Data & AI e-learning course

## Creating value – Our people continued

### Diversity and inclusion

At NN, we want to embrace everyone and together create an inclusive work environment in which people have equal opportunities and feel welcome, valued, respected, and free to bring their whole selves – regardless of gender, age, race, ethnicity, religion, disabilities, neurodiversity or sexual orientation. We will continue to take action in further enhancing diversity and inclusion (D&I) in our company.

### D&I Statement

In December 2020, we launched the NN Statement on Diversity & Inclusion to explain what we stand for, and to share our ambitions on a more inclusive work environment, customer experience and community support. We appointed a dedicated D&I specialist to drive our initiatives in this area, to contribute to positive change, and to support our D&I networks, such as NN Pride, NN Young Professionals and NN Neurodiversity.

### D&I events

To stimulate open and insightful dialogues around D&I topics, and to increase awareness, we launched the internal series Wo{men}talk, and continued to support TEDxAmsterdamWomen and their Talent Night initiative, offering a tailored mentor programme to the winner.

### Gender diversity and equal pay

In support of our D&I agenda, we published a target on gender diversity. The male/female ratio across the company is well-balanced, but less so within senior management positions. At the end of 2020, 33% of senior management were women (2019: 36%). This shows there is still work to be done to reach our target of 40% by 2023, and we therefore focus our efforts on topics such as succession planning, talent review and leadership development.

For our NN trainee group and the fast-track leadership development programme, we realised balanced participation with a minimum of 40% of either gender. NN participates in ratings, such as the Bloomberg Gender Equality Index, which NN has been included in since 2019, and Equileap. NN ranked 14th out of 100 companies in the Equileap report 2020 Gender Equality in the Netherlands.

We conducted our second biennial equal pay statistical analysis in the Netherlands. When comparing similar compensation grades and job profiles, we found that gender does not influence pay: we offer equal pay for equal work. Going forward, we will measure this annually and across more countries, beginning with Poland, Belgium, Japan and Spain. We believe continuous attention for equal pay is key to driving D&I. It is therefore a recurring topic on the agenda of the Management Board and Supervisory Board.

### Engagement

The success of a company is closely related to the well-being of its employees. It is important to NN to have a workforce that feels engaged and supported. We invest in a safe and healthy working environment, with attention for personal and professional development. Twice a year, we monitor the sentiment within the company with our global employee survey. As of 2020, we use four questions to measure engagement. Our overall engagement score increased to 7.9 (2019: 7.4), with 82% of employees participating in the survey. We are pleased with this score, given the challenging working conditions created by the pandemic. Overall, there were strong scores in the areas of goal setting, autonomy and meaningful work. Though the score for peer relationships increased to 7.7 (2019: 7.4),

we recognise it is difficult to stay connected while working remotely. While still relatively low, the scores for efficient processes (6.6, 2019: 6.0) and workload (7.4, 2019: 7.2) also showed improvement.

### Top employer

In 2020, the Top Employer Institute again named NN a Top Employer in all our markets outside of the Netherlands, as well as Top Employer Europe. The Top Employers Institute recognises employers who provide excellent employee conditions, nurture and develop talent at all levels of the organisation, and strive to continuously optimise employment practices.

### Employee representation

Our works councils facilitate employee consultation in most NN countries in Europe. In 2020, a new Central Works Council and a new European Works Council were installed. NN's new strategic direction, and the measures taken to respond to the Covid-19 pandemic, were topics high on the agendas of the European, Central and local Works Councils.

For an overview of the Central Works Council and European Works Council members see page 43 of the Financial Report.

### CLA

At the time of publication, discussions with the trade unions on a new collective labour agreement (CLA) for the Netherlands were ongoing. An agreement on a one-year CLA turned out to be unachievable, as parties were unable to align on topics such as a collective pay increase. At the time of publication of this report, we are in the process of investigating the possibilities for a long-term CLA that also includes the social plan and pension agreement.

## D&I networks



In 2020, colleagues in the Netherlands launched the NN Pride Network to connect colleagues within the LGBTI+ community and raise awareness of LGBTI+ matters at NN. NN is a long-standing partner of Rotterdam Pride, and with Covid-19 impacting planned events, NN volunteers handed out inclusion flags in Rotterdam. The network's digital year-end event for colleagues was its first international networking opportunity.

ADHD, autism, HSP and non-congenital brain injury are hard to recognise from the outside, yet can have an enormous impact on a person's everyday working life. NN's Neurodiversity Network aims to create a tolerant and accepting work environment, promote knowledge-sharing, and showcase the strength of differences, for example through events where employees talk about their own experiences.



## Creating value – Investors

# Creating value for investors

We maintain a strong balance sheet and create solid financial returns for shareholders by using our financial strength, scale and international footprint, and by efficiently managing our customers' assets and our own insurance portfolios.

### Our proposition to investors

#### Resilient balance sheet



- Priority is a strong capital position and balance sheet
- Disciplined capital allocation

#### Strong cash flow in the Netherlands



- Accelerating management actions
  - Shift to higher-yielding assets
  - Balance sheet optimisation
  - Optimise Non-life business
  - Focus on efficiency

#### Profitable growth in attractive markets



- Leading market positions in Central and Eastern Europe and in the COLI market in Japan<sup>1</sup>
- Shift to protection and leveraging on strong distribution network

#### Our commitment

Resilient and growing long-term capital generation for shareholders

#### Financial targets

Operating capital Generation (OCG)<sup>2</sup>:  
Free cash flow (FCF):

**EUR 1.5bn in 2023**  
**Over time, in a range around OCG**

#### Dividend policy

Progressive dividend per share, annual share buyback of at least EUR 250m and additional excess capital to be returned to shareholders unless used for value-creating opportunities

<sup>1</sup> COLI: Corporate-owned life insurance market in Japan.

<sup>2</sup> Operating Capital Generation (OCG): see Glossary (page 74) for definition.



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**We expect mid-single digit annual growth of operating capital generation over time, allowing us to deliver attractive and growing capital returns to shareholders**

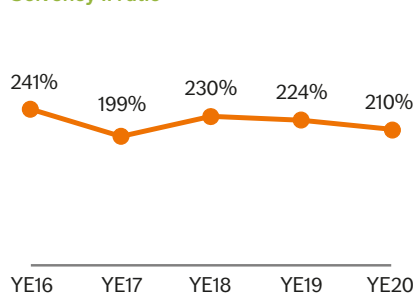
**Delfin Rueda**  
Chief Financial Officer

## Creating value – Investors continued

### Resilient balance sheet

We have always prioritised a strong balance sheet and this will not change. We combine a strong solvency position with a conservative asset exposure and low economic interest rate exposure. Our Solvency II ratio was 210% at the end of 2020 (versus 224% at year-end 2019). This reflects the inclusion of NN Bank in the Group Solvency II calculations as of the end of 2020 and the deduction of the proposed 2020 final dividend, partly offset by operating capital generation.

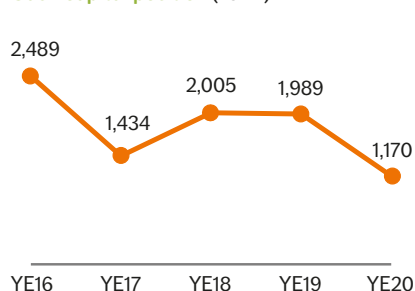
#### Solvency II ratio



Our conservative asset mix is heavily geared to high-quality government bonds, and we have a low sensitivity to interest rates.

Our balance sheet creates opportunities for both further investments in higher-yielding assets and longevity transactions, as we did in May 2020. The solidity and stability of our balance sheet, even in volatile market conditions, along with the options this gives us, demonstrates NN's robust and resilient profile.

#### Cash capital position (EURm)



The cash capital position at the holding company decreased to EUR 1,170 million from EUR 1,989 million at year-end 2019. This mainly reflects capital flows to shareholders, the acquisition of VIVAT Non-life, and the repayment of debt. It was partly compensated by remittances from subsidiaries.

### Strong cash flow in the Netherlands

In the Netherlands we have leading market positions, reinforced by the recent acquisitions of Delta Lloyd and VIVAT Non-life:

- Our Dutch Life business has a strong track record of cash remittances, also during crises, and shown itself able to bringing expenses down.
- The Non-life business recovery is on track to achieve our combined ratio target, while also focusing on the integration of VIVAT Non-life and further upgrading of data capabilities.
- NN Bank originates a large volume of mortgages, the majority of which are transferred to the investment portfolios of the insurance companies or the third-party Dutch residential mortgage fund run by our asset manager. These are attractive assets from a risk-return perspective.
- Our asset manager, NN IP, manages the proprietary assets of the group's insurance companies as well as third-party assets. It is a leader in responsible investing.

These businesses are already delivering strong cash flows in the Netherlands, but are all also taking additional steps to increase cash generation.

We are continually focused on improving efficiency. Since 2013, we have reduced our cost base by over EUR 650 million, of which the business units in scope of the cost reduction target (related to the Delta Lloyd acquisition) reduced administrative expenses by a total of EUR 404 million since 2016.

In addition we have set clear targets for expenses, for example to reduce the Non-life administrative expense ratio to under 10% (including EUR 40 million related to the VIVAT Non-life integration), and to reduce costs in the Life company in line with the run-off of the portfolio. NN Bank targets a cost/income ratio of below 55% and NN IP aims to maintain its cost/income ratio at a mid-60% level.

At the same time, we will allow for profitable growth, for example in the defined contribution (DC) business. Though this will increase expenses, it will also support overall OCG growth.

### Profitable growth in attractive markets

Our insurance operations in all countries outside the Netherlands, apart from Turkey, were started by NN as greenfields and built up into leading players in their local markets. Our European businesses are very much focused on protection.

For NN Group, the international businesses provide an attractive way to invest capital in organic growth. These European and Japanese businesses generate virtually all VNB growth.

From 2017 to 2019, we have seen strong growth of value of new business (VNB) in Europe, despite pension reforms in some countries. VNB declined somewhat in 2020, reflecting lower sales in Japan and Insurance Europe, which was due to Covid-19 restrictions.

In Japan, we have a leadership position in the sizeable Corporate Life (COLI) market. In the first half of 2020, tax regulations led to a decline in sales in Japan, but sales recovered in the second half (see page 18).

## Creating value – Investors continued

### Financial strength targets

Our commitment to shareholders is supported by the following targets (set for 2023) for Group and the different businesses:

	Target
NN Group	OCG of EUR 1.5 billion Free cash flow in a range around OCG over time
Netherlands Life	OCG of EUR 0.9 billion
Netherlands Non-life	Combined ratio of 94-96%
Insurance Europe	OCG of EUR 325 million
Japan life	VNB of at least EUR 150 million
Asset Mgmt	OCG of EUR 125 million
NN Banking	Net operating RoE of 12% or higher

### Progress on targets

OCG for NN Group decreased to EUR 993 million from EUR 1,349 million in 2019. This reflects the negative impact of lower interest rates, the suspension of dividend payments from NN Bank (in accordance with the recommendations of the Dutch regulator), and unfavourable developments in Non-life's disability and accident portfolio. This was partly offset by a higher investment return mainly in Netherlands Life reflecting the shift to higher-yielding assets.

### Capital return policy

NN Group announced an update of its dividend policy on 13 February 2020. It intends to pay a progressive ordinary dividend per share and execute a recurring annual share buyback of at least EUR 250 million. Additional excess capital is to be returned to shareholders unless it can be used for value-creating opportunities.

A progressive dividend means a growing dividend per share. We will decide on the amount of the dividend each year depending on the circumstances at the time, but the long-term growth pattern of annual dividends is ultimately linked to the growth of capital generation. We expect mid-single digit annual growth of OCG over time.

When proposing a dividend, NN Group considers, amongst other things, the capital position, the leverage and liquidity position, regulatory requirements and strategic considerations, as well as any expected developments in these areas.

Dividends are paid either in cash, after deduction of withholding tax if applicable, or in ordinary shares as elected by the shareholder. Dividends paid in the form of ordinary shares will be delivered from NN Group treasury shares or issued from the share premium reserve. We intend to neutralise the dilutive effect of the stock dividend through repurchase of ordinary shares.

On 2 September 2020, NN Group paid an interim dividend of EUR 2.26 per ordinary share, comprising EUR 1.40 per ordinary share, equal to the amount of the 2019 final dividend that was suspended in April 2020, plus EUR 0.86 per ordinary share, equal to the regular 2020 interim dividend calculated in accordance with the NN Group dividend policy.

At the AGM on 20 May 2021, a final dividend for 2020 will be proposed of EUR 1.47 per ordinary share. The proposed 2020 final dividend plus the regular 2020 interim dividend of EUR 0.86 per ordinary share gives a pro forma total dividend for 2020 of EUR 2.33 per ordinary share. This represents a pro forma increase of 7.9% on 2019 dividend per share (DPS).

### Share buyback

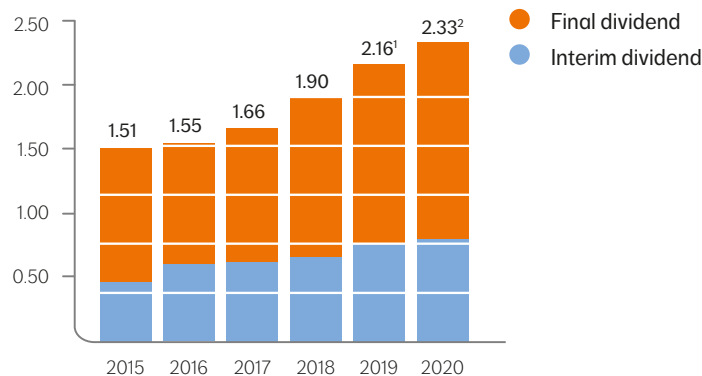
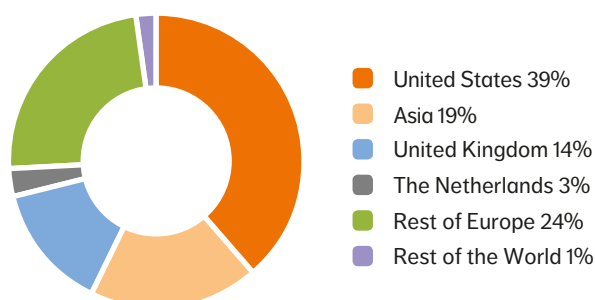
On 13 February 2020, NN Group announced a share buyback programme for an amount up to EUR 250 million over a period of 12 months, commencing 2 March 2020. This share buyback was temporarily suspended on 6 April 2020 and resumed on 6 August 2020.

On 18 February 2021, NN Group announced that it will execute an open market share buyback programme for an amount of EUR 250 million. The programme will be executed within 12 months and commenced on 1 March 2021. The share buyback will be deducted in full from Solvency II Own Funds in the first half of 2021 and is estimated to reduce NN Group's Solvency II ratio by around 3%-points.

NN Group reports on the progress of the share buyback programmes on its corporate [website](#) on a weekly basis.

### Shareholder by country/region

IHS Markit shareholder analysis at December 2020 (%)



- 1 Pro-forma 2019 full-year dividend per share of EUR 2.16, comprising the 2019 interim dividend of EUR 0.76 plus the suspended final dividend of EUR 1.40.
- 2 Pro-forma 2020 full-year dividend per share of EUR 2.33, comprising the 2020 interim dividend of EUR 0.86 plus the proposed 2020 final dividend of EUR 1.47.

## Creating value – Investors continued

### Other information

The authorised share capital of NN Group N.V. consists of ordinary shares and preference shares. Currently, only ordinary shares are issued, while a call option to acquire preference shares has been granted to the NN Group Continuity Foundation (Stichting Continuïteit NN Group). Read more on page 30 of the Financial Report.

### Authorised and issued capital (in EUR million)

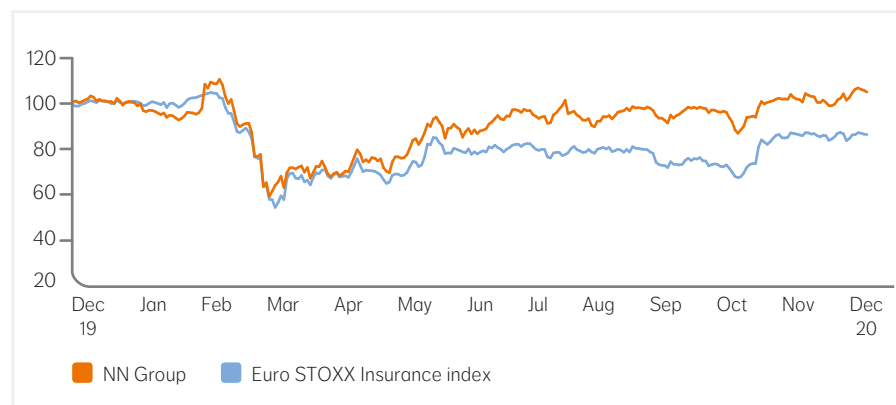
	Year-end 2020	Year-end 2019	Year-end 2018
Ordinary shares			
– authorised	84	84	84
– issued	39	41	41
Preference shares			
– authorised	84	84	84
– issued	0	0	0

### Number of shares in issue and shares outstanding in the market

	Year-end 2020	Year-end 2019	Year-end 2018
Authorised share capital (in shares)	700,000,000	700,000,000	700,000,000
Issued ordinary shares	330,278,210	343,556,121	341,059,071
Own ordinary shares held by NN Group	19,822,194	21,485,285	6,554,128
Outstanding ordinary shares	310,456,016	322,070,836	334,504,943

### Listing

NN Group ordinary shares are listed and traded on Euronext Amsterdam under the symbol NN.



### Major shareholders

According to the AFM register as at 8 March 2021, the following shareholders have an interest of 3% or more in NN Group on the notification date:

- RRJ Capital II Ltd. 9.60% (23 May 2017)
- Norges Bank 4.91% (30 September 2020)
- BlackRock, Inc. 4.77% (21 August 2020)
- P.E. Singer 3.29% (24 July 2020)
- UBS Group AG 3.12% (9 February 2021)
- Bank of America Corporation 3.04% (2 March 2021)

Please refer to the [AFM register](#) of Substantial holdings and gross short positions for more details on the nature and characteristics of these interests.

### Credit ratings

On 14 December 2020, Standard & Poor's published a report confirming NN Group's 'A' financial strength rating and a 'BBB+' credit rating with a stable outlook. On 16 October 2020, Fitch confirmed NN Group's 'A+' financial strength rating and 'A' credit rating with a stable outlook.

### Sustainability ratings

We are rated on sustainability by specialist research agencies, such as Sustainalytics, MSCI and CDP. Furthermore, we are included in indices such as the Dow Jones Sustainability Indices. Read more on page 65. We proactively inform the market on our approach and performance by publishing and regularly updating an environmental, social and governance (ESG) presentation on our website and during one-on-one investor meetings.



## Creating value – Society and communities

# Creating a positive impact on society

We strive to contribute to the well-being of people and the planet. We do business with the future in mind and contribute to a world where people can thrive for generations to come. We do this by investing our assets responsibly, being a fair taxpayer, managing our direct environmental footprint, and through our activities in the communities where we live and work.

### Key performance indicators

- ESG-integrated Assets under Management (AuM): 80% by 2023  
**2020 (year-end):** 74%
- Accelerate the transition to a low-carbon economy by targeting a net-zero carbon proprietary investment portfolio by 2050  
**2020:** Installed Paris Alignment Council, chaired by NN Group's Chief Investment Officer  
**2020:** Developed asset-class specific Paris Alignment strategy for sovereign bonds
- Contribute 1% of our operating result (three-year average) to our communities, including cash donations and hours of volunteering by 2023  
**2020:** EUR 4.7 million in charitable donations  
**2020:** 7,991 volunteering hours

### Additional performance indicators

- Continue to increase our AuM in sustainable and impact strategies  
**2020 (year-end):** EUR 29.3bn AuM (+29% compared to year-end 2019)
- Reduce direct CO<sub>2</sub> emissions (tonnes) by 3% per FTE per year  
**2020:** 43% decrease in CO<sub>2</sub> emissions per FTE
- Reach at least 100,000 young people through NN Future Matters (2014-2020); and help 11,625 households out of poverty and debt (2016-2020)  
**2020:** 15,834 young people reached through NN Future Matters (totalling 154,192 and exceeding our 2020 target)  
**2020:** 2,603 households reached (totalling 11,949)

### Responsible investment

NN Group's Responsible Investment (RI) Framework policy sets out our vision and approach in this area: we integrate ESG factors into our investment processes and active ownership practices. We prefer inclusion backed by engagement to exclusion, but also uphold restrictions. Our asset manager, NN Investment Partners (NN IP) also offers clients a range of ESG-integrated, sustainable and impact investment strategies.

In June 2020, NN announced its ambition to transition our proprietary investment portfolio to net-zero greenhouse gas emissions by 2050, to align with the Paris Agreement 1.5°C target. This follows our earlier steps towards phasing out thermal coal-exposed investments, and the expansion of our carbon footprint and climate-related scenario analysis.

Guided by the Institutional Investors Group on Climate Change (IIGCC)'s 'Net-zero investment framework', NN's strategy has two dimensions: decarbonisation of our investment portfolio in line with a net-zero trajectory by 2050, and increasing investment in climate solutions. We prefer approaches and methods most likely to deliver impact in the real economy.

We established an NN Paris Alignment Council to oversee the process of aligning the proprietary investment portfolio to the Paris climate goals, and define related action plans and targets. We developed a Paris Alignment Strategy for sovereign bonds which we plan to implement in 2021. Countries are scored on their climate performance using current and forward-looking indicators. Using a best-in-class approach, we aim to increase allocation towards higher-climate-performing issuance and/or green bonds. We are also exploring ways to engage more with sovereign issuers on climate change.

Work is ongoing to develop asset-class specific strategies for private real estate, corporate bonds and listed equity, with deliverables expected in 2021.

### Supporting ESG integration

Our RI Framework policy includes norms-based criteria reflecting our investment beliefs and values, relevant laws, and internationally-recognised norms and standards, such as the OECD Guidelines.

NN IP has a stringent definition of ESG integration: for each investment analysis, the integration of ESG factors needs to be consistently demonstrated and documented. At year-end 2020, ESG criteria were consistently integrated for 74% of total assets, amounting to EUR 223 billion (compared to 68% in 2019). This includes those assets managed under the sustainable and impact strategies. NN IP is committed to a target of 80% ESG-integrated AuM by 2023.

We apply an engagement-led divestment approach. This means restriction is proposed only when we feel engagement cannot change a company's conduct or involvement in specific activities. The ESG Committee of NN IP assesses whether an issuer fails to meet our norms-based criteria, advised by the NN IP Controversy & Engagement Council. In 2020, this council met six times and discussed 171 cases.

### Influencing companies to take responsibility

Voting is one of the most powerful tools of active ownership, and we vote at shareholder meetings on behalf of our own and our clients' assets. To ensure proper governance, we have separate voting committees in place, and publish our voting record on a dedicated website.

## Creating value – Society and communities continued



# 3,053

Number of shareholder meetings at which we voted

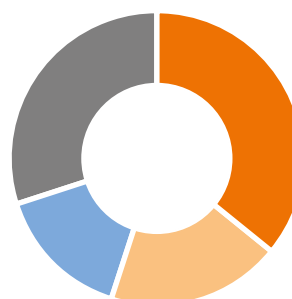


# 1,269

Dialogues with issuers on ESG factors

### Dialogues on ESG factors

(%)



- Environmental 36%
- Social 19%
- Governance 15%
- ESG overlapping 30%

## Deforestation in the Amazon

NN recognises the importance of taking action against deforestation. Due to the complexity of the supply chain, we prefer to use our influence to improve standards. Involvement with all parties in the supply chain – from producers to retailers – is our preference. Collective action against deforestation is part of our engagement activities as we believe it strengthens our position and increases our impact. In the case of soy, NN IP is a member of the FAIRR Initiative and participates in the PRI-Ceres Investor Initiative for Sustainable Forests, working with industry, producers and governments to tackle soy-related deforestation.

We are in talks with six investee companies about deforestation-related risks within their supply chains. As part of these efforts, we supported an investor statement on Amazon deforestation and forest fires, asking companies to step up their efforts and demonstrate a clear willingness to eliminate deforestation within their operations and supply chains. NN IP has also signed the Statement of Support for the Cerrado Manifesto, reflecting our commitment to halt deforestation and our intention to work with industry, producers, governments and residents to protect Brazil's valuable, biodiverse Cerrado region. The main challenge of the manifesto is to find mechanisms to end deforestation in an area where regulation does not encourage this protection: about 85% of the conversion of Cerrado's native vegetation into soy is legal under Brazilian law.

During 2020, NN IP voted at 3,053 AGMs on 35,015 agenda items. Voting activities were focused on three main issues: board elections, the alignment of executive remuneration with company strategy, and sustainability shareholder resolutions.

A recently published report 'Voting matters 2020' by ShareAction shows how 60 of the world's largest asset managers voted on 102 shareholder resolutions on climate change, climate-related lobbying, and social issues, during the period of September 2019 to August 2020. NN IP has been named the sixth-best performer, having supported 95% of resolutions or more.

Through engagement, we aim to raise awareness of ESG issues and encourage issuers to improve their policies and practices. In addition to controversy engagements, NN IP performs thematic engagements on corporate governance, natural resources & climate change, and decent work. Because of the active investment strategies of NN IP, our equity and fixed income analysts and portfolio managers are in frequent dialogue with investee companies. Our RI specialists also enter into dialogue with corporate and sovereign issuers, and whenever ESG issues are a topic of discussion during company meetings we log the updates in a dedicated database.

In addition to our own engagement efforts, we use the services of Sustainalytics Stewardship Services. They carry out engagements with companies on our behalf, primarily focused on compliance with internationally-recognised conventions and guidelines.

During 2020, NN IP also continued our participation in collective investor engagements, such as Climate Action 100+ and the CDP Non-Disclosure and Science Based Target campaigns, encouraging companies to disclose information on climate risks and set long-term targets on reducing their greenhouse gas emissions.

As the chart shows, in total we had 1,269 ESG dialogues with issuers in 2020, double the number of dialogues compared to 2019. In addition to the two examples mentioned in the boxes in this chapter, please find more on how we engage with companies and sectors in NN IP's Responsible Investing Report 2020 on our [website](#).

### Encouraging governments

In addition to the company engagement, NN Investment Partners signed an open letter to Brazilian Embassies expressing concern about increasing deforestation in Brazil. This has led to a dialogue with members of the Brazilian Congress about the conservation of the country's tropical forests. We will continue our engagement with the Brazilian authorities through the Investors Policy Dialogue on Deforestation in Brazil.

Furthermore, NN IP joined a group of 26 financial institutions from around the globe launching the Finance for Biodiversity Pledge. They called on global leaders and committed themselves to protect and restore biodiversity through their finance activities and investments in the run-up to the Conference of the Parties (COP 15) to the Convention on Biological Diversity in 2021.

NN Group was signatory to a statement initiated by the Dutch Sustainable Growth Coalition asking the Dutch government to place sustainability as the cornerstone in the Covid-19 recovery. It was signed by a broad coalition of businesses in the Netherlands and noted that the Covid-19 pandemic has occurred during society's transition to a more sustainability-driven and inclusive economy. In the recovery, the coalition does not want to lose sight of this challenge, the risks associated with climate change or the loss of biodiversity.

## Creating value – Society and communities continued

### Making a positive impact through our investments

During 2020, NN IP expanded its sustainable and impact strategies offering with the launch of a new corporate green bond fund. Our green bond strategy (funds and mandates) has seen rapid growth, reaching EUR 3.5 billion at year-end 2020. Total AuM of our sustainable and impact investing products grew 29% to EUR 29.3 billion at year-end 2020.

For NN Group's own assets, too, we look for investments that have a positive impact on society while meeting our investment criteria. For instance, we invest in green bonds, and finance renewable energy and resource efficiency-related infrastructure debt projects. In total, these investments amounted to EUR 1.3 billion at year-end.

We use the GRESB Real Estate assessment as the primary measure of our progress. In 2020, the GRESB (value-weighted) score for NN's portfolio of funds, joint ventures and directly-owned buildings scored 83 out of 100 (industry average: 70). While for the second consecutive year our directly-managed real estate portfolio received a 5-star rating, GRESB's highest rating and recognition as an industry leader.

Our carbon footprint analysis of proprietary assets measures the carbon footprint of 80% of our total assets. We published more details in the '2020 Carbon footprint of our proprietary assets' report. This year's publication also includes insights from our TCFD-aligned scenario analysis and is published on our website.

### Responsible tax strategy

We believe that a responsible approach to tax is an essential part of good citizenship. We manage our tax position in line with our business operations, and our position reflects our corporate strategy and takes into account relevant international guidelines, such as the OECD Guidelines for Multinational Enterprises. Being a responsible taxpayer also means that our tax planning takes long-term considerations into account and carefully weighs all stakeholder interests. We have a set of tax principles to which we adhere and that we communicate publicly on our website through our Tax Strategy and Principles, and the NN Group Tax Charter.

Besides taxes that NN Group pays as a taxpayer, which represent a cost for our company, we are also responsible for collecting taxes on behalf of our clients, employees, and service providers, and passing them on to tax authorities. To give insight into our tax contribution, since 2019 we have published a Total Tax Contribution (TTC) Report, which reflects taxes paid in the countries where we operate.

We are pleased that this effort was recognised by external stakeholders, with NN the top-scoring company in the annual Tax Transparency Benchmark published by the Dutch Association of Investors for Sustainable Development (VBDO) in both 2019 and 2020. This benchmark provides a comparative study of Dutch listed companies' fiscal transparency.

Our 2020 TTC Report is available on our [website](#) and provides insight on the taxes being borne and collected on a country-by-country basis for the book-year 2020. In addition, we explain developments impacting the tax position of NN Group.

### Financial tax disclosures

The financial disclosures on corporate income taxes paid by NN Group can be found in the 2020 Financial Report. The same information is included in the 2020 TTC Report, but this report provides more detailed explanations to help understand the disclosures. In addition, the TTC Report provides information on other taxes collected and paid by NN Group as part of its operations.

NN Group's total tax contribution in 2020 amounted to EUR 2,392 million, and consisted of the corporate income taxes paid by NN Group and the total of other taxes collected and paid by NN Group as part of its operations (including Value Added Tax, Insurance Premium Tax, payroll taxes, and withholding tax on dividends paid by NN Group). Of this total tax contribution, we paid 78% to the tax authorities in the Netherlands, and 22% to local tax authorities on behalf of our international businesses.



# EUR 29.3bn

AuM in sustainable and impact strategies

## Child labour in agriculture

Global inequalities continue to widen, and the Covid-19 pandemic has the potential to further exacerbate this as the number of people in extreme poverty is increasing. This has a direct bearing on child labour, particularly in agriculture where we focus our engagement efforts on the cocoa sector in Ivory Coast and Ghana.

NN IP encourages companies to more closely monitor their supply chains for the existence of child labour, to put in place remedy systems and to foster children's rights with relation to education, health and safety. The need for a living income is also addressed.

Five of the seven companies with which NN IP engages have made progress. Most companies now have Child Labour Monitoring and Remediation Systems covering more than 50% of their supply chain in Ivory Coast and Ghana, and some have started rolling them out in other cocoa-growing communities in West Africa, Indonesia and Brazil. Furthermore, several companies have announced their support to new programmes to keep primary-aged children in school. For more information, refer to NN IP's Responsible Investment Report.

## Creating value – Society and communities continued

### Sustainable sourcing

With an annual spend of around EUR 1 billion, our procurement activities support our business strategy. A substantial part of this investment goes towards professional services, IT, real estate and facility management, where we implement sustainable and circular solutions. Our relationship with suppliers is based on our NN values, and we aim to work together in a mutually beneficial way. We have a supplier qualification process and governance in place for managing social, environmental and financial aspects of the procurement process. In the last quarter of 2020, NN launched a supplier qualification platform which, amongst others, gives insights into suppliers' sustainability performance.

### Managing our direct environmental footprint

We manage our environmental performance through efficient use of natural resources, and identifying and implementing green alternatives. We compensate the remainder of our CO<sub>2</sub> emission by purchasing voluntary carbon credits and have been carbon neutral since 2007. Our 2020 target is to reduce our CO<sub>2</sub> emissions from direct operations by 3% per FTE per year. In 2020, our CO<sub>2</sub> emissions decreased by 43% per FTE per year and 72% of our electricity use came from renewable sources. These statistics do not take into account the increased use of energy by employees working from home, and it is not really possible to separate the Covid-19 effect from other initiatives. Going forward, we aim to set a science-based target to commit to reducing our absolute scope 1 and 2 CO<sub>2</sub> emissions.

As a financial service provider, our direct environmental footprint consists mainly of emissions from office activities and business travel. In 2019, we formulated our #YourSustainableWorkspace ambition to contribute to a sustainable and healthy environment within our office activities. In 2020, we launched the circular coalition with all our facility management service suppliers. With this cooperation in our service supplier chain we are aiming for

100% sustainable and circular office services in 2025. In addition, we initiated a renovation of 45,000 square metres in our offices in Rotterdam and The Hague. We aim for a fully circular, zero waste renovation and to be WELL Platinum Certified within the next years.

### Contributions to our communities

At NN, we put our resources, expertise, and networks to use for the advancement of our communities. We promote a society in which everyone can participate and thrive for many generations to come.

Covid-19 has caused distress globally. In addition to its immediate impact on our health, it makes even clearer that the well-being of millions of people and of our planet are fragile. During this extraordinary year, alongside the community investments that are part of our long-standing NN Future Matters programme, we supported efforts to address immediate Covid-19-induced health and economic needs.

To increase our impact, in several countries NN joined forces with other companies from our sector. The Dutch Association of Insurers, of which NN is a member, donated money to ZWic, a foundation that financially supports healthcare workers who were hospitalised in intensive care, incapacitated or passed away due to Covid-19. In Spain, NN financially supported the UNESPA initiative to create collective life insurance for hospital staff and clinicians during the pandemic.

We encouraged our employees to reach out to those affected by the pandemic. In the Netherlands, 348 employees participated in the online training 'Help with money matters' facilitated by Nibud (National Institute for Family Finance Information): our employees were trained as home administration volunteers and can now guide a family member, friend or acquaintance financially affected by the Covid-19 pandemic to the appropriate support service.

In the Czech Republic, NN employees helped distribute care packages to senior citizens in seven care homes, sent personally-made digital postcards to 256 isolated senior citizens and delivered 14,300 orange tulips to elderly care homes across the country. NN also ran a campaign whereby employees can help distribute cash donations made available by NN for organisations providing food, housing and recreational activities for the elderly.

Where needed, NN provided additional support to existing partners. NN Spain provided an additional donation to our long-standing partner Aldeas Infantiles to give over 100 families in Madrid access to basic food and healthcare products and services, and additional resources to their entrepreneurship programme for single mothers in the Canary Islands.

Throughout the year, NN Netherlands initiated various activities for our partner LINDA foundation, which helps families in financial difficulties – a group that grew rapidly after the first outbreak. At the start of the pandemic, NN arranged laptops for families in poverty so their children could follow classes online. In the summer, colleagues packed bags with toys and supplies to make the long summer holidays a bit more fun. Around Christmas we initiated a big internal fundraising campaign to ensure as many families as possible could enjoy the festive season. We also launched a campaigning video on the issue of poverty. In total, NN donated EUR 1.7 million to initiatives responding directly to the impact of Covid-19 in the countries where we operate. Read more on our [website](#).



# EUR 4.7m

Donations to charitable organisations



# 7,991

Employee volunteer hours in NN Future Matters focus areas



# 15,834

Young people reached through NN Future Matters



## Creating value – Society and communities continued

### NN Future Matters

In 2020, we were able to continue, or even deepen, our support to existing partners. We continued to invest in the overarching community investment programme NN Future Matters, which aims to help improve people's financial well-being, with a particular focus on 10 to 25-year-olds and disadvantaged groups. The programme aligns with both our purpose as a company and our in-house expertise. More importantly, it has a demonstrable positive impact on communities.

We involve both international and local partners to ensure the programme is globally consistent while remaining relevant to local needs and issues. We have seen how certain young people growing up in already challenging circumstances have been most hit by the changes resulting from the pandemic: less access to technology; in several countries, minimal digital literacy; and sometimes no family support with home schooling. Together with our international partner Junior Achievement Europe, we continued our joint programmes as much as possible. In 2020, 7,865 students in ten countries took part in the Social Innovation Relay. This flagship programme is a global competition for secondary school students to develop an innovative business concept that addresses a real societal need. This year, most programmes were successfully run digitally.

NN colleagues in the Netherlands gave guest talks on digital skills at high schools via our community investment partner, JINC. The goal is to improve schoolchildren's digital skills while also making them aware of the job opportunities in the IT sector.

In Greece, NN continues to support My Career, a digital career orientation programme that helps young people make informed career study choices and links opportunities in the employment market with their personal interests. Because the tool is available online, young people in urban and rural areas could be reached. From the programme's launch in 2019 until the end of 2020, 1,696 students from 330 Greek schools had been helped.

## From Debt to Opportunities

Through the From Debt to Opportunities Foundation, NN Group supports households who face problematic debt. Together with local not-for-profit partners, the Foundation helps people to acquire financial skills to escape poverty and achieve sustainable financial security.

While the extent to which Covid-19 affected job security, income losses and household debt is yet unclear, the Foundation funded the accelerated digitalisation of the majority of its partners – in addition to the regular financial aid provided. In this way, 2,603 households could still be supported in 2020. In addition, 69 employees volunteered their time and expertise. During its five-year programme, a total of 11,949 households were reached, aided by a total of 1,538 NN volunteers.

To measure the impact of its efforts and to contribute to a better understanding of what works in the field of poverty reduction in the Netherlands, the Foundation collaborates with the Amsterdam University of Applied Sciences in an extensive five-year research. Amongst other insights, interim results show that after participation, both the average household debt as well as the number of creditors is significantly reduced over the long term. In addition, one in ten respondents remains fully debt-free. Final research results will be published in 2021.

In addition to financial support, 72 employees volunteered 2,514 hours of their time and expertise to projects that further the foundation's goals.



**Read more in Dutch:**  
[www.vanschuldennaarkansen.nl](http://www.vanschuldennaarkansen.nl)

In Poland, we continued our support to the University of Success, a programme helping 18-year-old girls leaving orphanages who want a career in the IT or digital media sectors. For its contribution to this initiative, NN Poland was awarded the prestigious 'Benefactor of the Year Award' in the area of Entrepreneurship.

In Spain, we are an Aldeas Infantiles Future Builder, helping teenagers aged 16-19 in risk of social exclusion with their social skills, personal development, academic qualifications and employability. The programme aims to promote social and labour inclusion.

The NN Future Matters scholarship programme, a collaboration between NN and EP-Nuffic, gives first-generation higher education students the opportunity to complete a Master's degree in the Netherlands. Students are matched with an NN mentor, who supports them during the year. In 2020, we welcomed 35 students from eight countries.

Overall in 2020, we supported 15,834 young people and made EUR 2.5 million in charitable donations to NN Future Matters-related target areas. Since the start of our programme in 2014, we have reached 154,192 young people, exceeding our 2020 target to positively impact the futures of 100,000 young people. Read more on our [website](#).

### Going forward

One of the strategic commitments in NN Group's new strategy is our contribution to society. As part of this, we will be significantly upscaling our contribution to our communities by pledging to invest 1% of our operating result (three-year average) in cash donations and hours of volunteering by 2023. To reach this ambitious target we will build on our current strong foundation, grow existing and start new partnerships, while increasing our donations and hours of volunteering to make a lasting impact. In 2021, we will report in line with the B4SI Framework, a robust measurement standard in which we will include the hours volunteered in the total contributions to our communities using a standard calculation method, and we will adjust our charitable donations policy to meet the B4SI standards.

## Creating value – Sustainable Development Goals

# Contributing to the SDGs

In 2015, the United Nations launched the 2030 agenda for sustainable development. At its heart are the 17 Sustainable Development Goals (SDGs). The goals address the world's largest societal challenges such as ending poverty, improving health and education, reducing inequality and preserving our oceans and forest.

At NN, we strongly believe the public and private sector should work together to help achieve these goals. We are highlighting the SDGs where we can have the biggest impact through our business activities, investments and community programmes.

### Our key impact areas

As a responsible insurer, investor and employer we make a particular contribution to the achievement of the following four Sustainable Development Goals (SDGs):  
SDG 3 (Good health and well-being),  
SDG 8 (Decent work and economic growth),  
SDG 12 (Sustainable consumption and production) and  
SDG 13 (Climate action). Our company can contribute to these goals through both our core business activities and our value chain.


### Secondary focus

We support SDG 7 (Affordable and clean energy) with our ambition to accelerate the transition to a low-carbon economy through our investments. With our community investments we strive to build better and stronger communities and therewith contribute to SDG 1 (No poverty). Our impact on SDG 5 (Gender equality) is related to our continuous efforts to enhance diversity and inclusion in our company.


These SDGs seamlessly integrate with the themes of our own strategic agenda: healthy and safe living, a sustainable planet and an inclusive economy. The table below shows NN Group's contributions to the SDGs in 2020 and our future ambitions.



### Healthy and safe living



	Ambitions and targets	Performance 2020
<b>SDG 3 Good health and well-being</b> Ensure healthy lives and promote well-being for all at all ages 	Contribute to the physical and mental health of our colleagues, our customers and the broader society  Continue to support our customers with solutions that help them address societal challenges related to healthy and safe living	Contributed to keeping our colleagues safe by enabling them to work from home, and staying fit and healthy (reflected in the score of 7.8 on mental and physical well-being during the pandemic in regular employee survey)  Introduction and scaling of products and services with social added value that address issues, such as loneliness, diabetes, access to healthcare and burn-outs

### Sustainable planet




	Ambitions and targets	Performance 2020
<b>SDG 7 Affordable and clean energy</b> Ensure access to affordable, reliable, sustainable and modern energy for all 	Growth aspirations for renewable energy investments (and other climate solutions) for NN's own asset portfolio	Amount of investments of own assets in direct renewable infrastructure projects and green bonds used for renewable energy: EUR 1.0 billion at year-end 2020

## Creating value – Sustainable Development Goals continued

### Sustainable planet continued

	Ambitions and targets	Performance 2020
<b>SDG 12 Sustainable consumption and production</b> Ensure sustainable consumption and production patterns 	Integrate ESG factors in investment process for 80% of our total AuM by 2023  Continue to increase our AuM in sustainable and impact strategies  Support our customers with solutions that help them address societal challenges related to climate change	Integrated ESG factors in investment process for 74% of our total AuM at year-end 2020  Total AuM of our sustainable and impact strategies grew 29% to EUR 29.3 billion at year-end 2020  Introduction and scaling of products and services with environmental impact like a greener housing market, sustainable living and promotion of climate-neutral transport
<b>SDG 13 Climate action</b> Take urgent action to combat climate change and its impacts 	Accelerate the transition to a low carbon economy by targeting a net-zero carbon proprietary investment portfolio by 2050   Set a science-based target to commit to reduce absolute scope 1 and 2 CO <sub>2</sub> emissions of our direct environmental footprint	Installed Paris Alignment Council, chaired by NN Group's Chief Investment Officer  Developed asset-class specific Paris Alignment strategy for sovereign bonds  Amount of securities covered by the coal phase-out strategy for the proprietary portfolio: EUR 1.6 billion  CO <sub>2</sub> emissions per FTE decreased by 43% to 0.9 CO <sub>2</sub> emissions per FTE

### Inclusive economy

	Ambitions and targets	Performance 2020
<b>SDG 1 No poverty</b> Improving access to sustainable livelihoods, entrepreneurial opportunities and productive resources 	Contribute 1% of our operating result (three-year average) to our communities, including cash donations and hours of volunteering by 2023	EUR 4.7 million donations to charitable organisations 2,603 households reached by From Debt to Opportunities Foundation 7,991 employee volunteering hours in NN Future Matters focus areas
<b>SDG 5 Gender equality</b> Achieve gender equality and empower all women and girls 	Together increase diversity, inclusion and equality in our teams; engage everyone, and encourage them to be who they are, share their voices and drive change  40% women in senior management positions by 2023	Publication of NN Statement on Diversity & Inclusion Inclusion in the Bloomberg Gender-Equality Index, partnership with TedxAmsterdamWomen  33% women in senior management positions
<b>SDG 8 Decent work and economic growth</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all 	Employee engagement ≥7.8 by 2023  Continue to help improve people's financial well-being, with a particular focus on 10 to 25-year-olds and disadvantaged groups	Employer to 15,118 employees worldwide Employee engagement 7.9  15,834 young people reached through NN Future Matters 35 scholarships provided to students from eight countries