



Attracting, retaining, and supporting **our people**

In this chapter, we describe how our business model enables us to create long term value for our 11,500 colleagues by nurturing a culture where their ideas, talents and personalities matter.

Creating value as an employer

NN is committed to maintaining a caring, healthy, and respectful workplace in which people can work and thrive. NN's ambition to become more agile, and to increasingly focus on customer-driven innovation, drives our effort to empower our people and to support a more entrepreneurial culture.

Over the past year, these goals have been advanced through efforts dedicated to developing leaders. This includes creating the right mindset for all of us to deliver on our strategy. Overall, this means stimulating a culture that balances left-brain strengths such as ratio, logic, analysis and facts, with right-brain capabilities such as outside-in orientation, creativity, empathy and an entrepreneurial mindset. It is our belief that this fosters authentic employees who wish to develop themselves and take initiative. Although we see this as a long term journey, we have already received a number of HR awards that signal we are on the right track.

Building on this approach, we are gradually clarifying and focusing our employer brand in key markets. NN is enhancing its presence on online and social career platforms, and added a 'personality test' to the career site in the Netherlands to assess a cultural fit between a candidate and the company.

Our business in Spain was certified as a Top Employer, and also received a special award for Training and Development. Early 2017, our operations in Turkey and Poland achieved a Top Employer certification, where NN Greece is well under way to realising the same achievement.

Stimulating our employees to develop and grow

Continuous personal and professional development is necessary to keep up with changing customer behaviour and technological developments. In 2016, much effort was put into stimulating employee dialogue around our values and the mind-set required to be successful. In addition, focus was placed on further cultivating a climate of trust, and on supporting leaders in improving their leadership skills, including 'setting a clear direction', 'creating followership' and 'coaching and giving feedback'.

We support our employees, including management, by offering development opportunities, taking into account different learning needs and styles. Development planning is a fundamental part of our annual planning, coaching, and appraisal cycle. We offer career checks, and specific coaching by internal and external specialists. In 2016, NN spent EUR 13.7 million on training and development. Among other resources, hundreds of online learning and training modules and e-Books were made available to our employees.

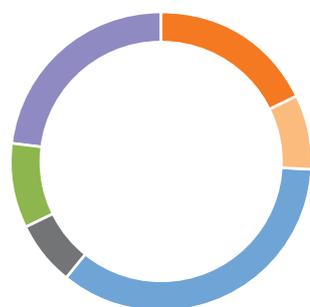
In addition to training, we facilitate internships, assignments and job rotation schemes to provide employees with the chance to find out what career steps would be feasible and suitable for them in the future. We also offer students the opportunity to learn and develop by way of internships, supported by challenging assignments and personal coaching.

Leadership development

In 2016, NN specifically invested in leadership development by deploying a leadership curriculum focused on encouraging current and future leaders to live our values, demonstrate personal excellence, develop a deep understanding of the markets in which we operate, and enable others to perform at their best.

One of the most notable interventions was a three-day leadership development programme for all senior leaders. Similarly, we launched leadership development programmes for trainees, mid-career, and senior-career talents. In general, these programmes take the form of a development journey lasting between 6 and 36 months. This allows these talented colleagues to accelerate their development and grow their leadership skills in line with our NN values, leadership model, and strategic direction.

Our employee distribution (% per business unit)



Netherlands Life	18
Netherlands Non-life	8
Insurance Europe	35
Japan	7
Asset Management	9
Other	23

EUR 13.7m

spent on training and development

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For all employees that join NN, a professional onboarding programme is offered. Employees are supported in their development through access to a rich variety of learning methods and media, such as e-learning suites, webcasts, games and simulations, as well as more traditional methods such as classroom sessions, training and coaching on the job, and peer learning.

For specific target groups, we developed training programmes for professional development on specific topics, such as Solvency II, Wet financieel Toezicht, and the Art of Insurance and Asset Management. This strengthens our learning communities, and enables knowledge sharing between professional practitioners.

Recognising performance

The performance management approach is being transformed at the senior level, from a traditional structure to one that centres on regular performance check-ins throughout the year. The new approach puts more focus on employees' motivation, development, and growth. The performance management process includes financial objectives, non-financial objectives, and behavioural objectives that when combined drive value for our stakeholders. This is done on all levels in the company and is linked to reward (either in development or other benefits). 98.4% of our employee base completed the 2015 annual appraisal cycle ending in 2016.

Equal opportunities and diversity

NN holds a strong belief in the virtues of diverse teams, and how the collective intelligence of diverse talents, personalities, and expertise leads to better decision-making. NN is engaged in a number of activities to stimulate specific aspects of diversity. Our aim is to increase female leadership, better balance our cultural diversity, bring more young talents in, and build an inclusive climate with no barriers with regards to gender, religious beliefs, sexual orientation or otherwise. At the same time we are looking for new ways to optimise how long-experienced employees contribute their knowledge and pass down their skills while working side by side with younger colleagues. As an international company, international mobility across our markets is also increasing.

NN Investment Partners is building momentum in this regard with a Female Leadership Council. The Council developed a business plan to improve gender diversity, including several actions and a governance structure going forward. The focus is on awareness and education, statistics, policies, and creating a network. We sponsor employee participation in several female professional and development networks.

In addition to these focused actions, we aim to have a higher representation of women in all leadership development programmes, such as senior and mid-career leadership programmes, mentoring, and trainee recruitment.

We also understand that diversity itself does not guarantee results in terms of cooperation and better decision-making. This is why in our development programmes we provide managers with tools to increase awareness around the reasons behind differences in behaviour and how to leverage these differences when working in teams and business units. Working for NN worldwide in 2016, 20% of our senior leaders in the so called Top 50 were female and 26% had an international background. The NN Supervisory Board is made up of seven members, two of whom are female. This shows that our continuous effort to improve diversity is bringing small visible improvements, and we look forward to better fulfilling this potential.

Employee rights and representation

The way we consult with our employees also depends on local legislation and culture. In some countries, employee consultation is a legal requirement and in many European countries, it is arranged through works councils. At NN Group level, we work with a Central Works Council and a European Works Council, within which we encourage employee participation. In the Netherlands, works councils are often actively involved at an early stage in different processes that are of relevance to the company. Social policy topics are frequently discussed in meetings with the works councils and management. Our dialogue with the works councils accommodates collective interests and facilitates the sharing of information and indirect participation by all employees.

An overview of our Central and European Works Council members can be found on page 28 of the Financial Report.

52/48

total male/female ratio



Case study

Engaging employees and building a 'start-up culture' in Poland

'How do we create a more entrepreneurial environment in which employees feel engaged and empowered to make decisions, act as owners, come up with innovative ideas and are committed to deliver results?' This was the starting point that led to an extensive engagement programme led by a dedicated group of change ambassadors from across the organisation within Nationale-Nederlanden Poland.

This resulted in a bank of initiatives that encourage employees to search for and create for new ideas for business development and improvement. Simultaneously, everyone's personal development was accelerated through 'speed-dating' events and a new training offer. Poland won an award in the Employee Engagement and Loyalty category from a leading Polish newspaper for their approach.



Link to full article:
www.nn-group.com/annual-report

Our business model

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In addition, the vast majority of NN Group's employees are covered by a collective labour agreement (CLA) or locally agreed policies. The first NN CLA in the Netherlands was agreed upon in 2011, followed by a new (CDC) pension plan in 2012 and an agreement on the financial independence of the ING Pension Fund in 2014. In 2016, both a new CLA and a new agreement on our Social Plan were reached where 'Investment in continuous employee development' is at the heart of these agreements. NN's process of co-creation of the CLA (with contribution of employer, employees, trade unions and works councils) has been inspiring and is seen as best practice by other companies and governmental institutions.

Vitality and wellbeing

At NN, we strive to create a healthy work environment and support a good work-life balance, which are crucial for fit and engaged employees. Work-life balance and flexibility are key themes in every country where we operate, even if they are not always the norm in every country's culture. NN strives to forward this through labour conditions that promote flexibility and a healthy way of working. We further support this ideal with office ergonomics, more inspiring workplaces, mindfulness training and different health and vitality programmes.

The 'Your Health matters' programme in the Netherlands offers energy workshops and sports clinics as well as tools and information on work-related stress and mental wellbeing. This is so employees can discuss their perceived workload with their managers and make appropriate agreements. We provide information and support on volunteer care duties and how to deal with these circumstances.

We integrate our vitality tools and workshops in the employability programme, so people are able to meet the constantly changing requirements of their jobs and have enough energy and vitality to remain productive in their work. The international running sponsorship platform and several other society related activities provide additional opportunities for employees to engage in a healthy lifestyle.

Restructuring

In line with our medium term strategic focus area to become more efficient and agile, we worked on improving our operating model. The aim is to further stimulate a culture of entrepreneurship and accountability within NN Group. As of 2017, our new operating model will be implemented.

To further optimise the efficiency of our businesses, several restructurings were announced or implemented in 2016. Two examples are NN Bank and NN Life in the Netherlands.

In the second half of 2016, NN Bank prepared a Request for Advice to significantly change its organisational structure and governance. The main goal of this reorganisation is to become a more agile organisation. Furthermore, it enables NN Bank to further reduce the cost/income ratio in future years. The new organisation became effective as of 1 January 2017.

NN Life continued to improve the customer experience combined with cost reduction. For the individual life closed book segment, a strategic partnership with a leading outsourcing company was established for the outsourcing of business processes and IT. Combined with the migrations of portfolios to cost efficient IT platforms, the closed book organisation set the course to realise future efficiencies.

These restructurings lead to organisational changes and redundancies. NN remains committed to supporting those employees who are directly affected by these organisational changes. To guide and help our people through these challenging times, we introduced various initiatives to provide employees with training, coaching and advice. In addition, NN stimulates and enables ongoing development, with a view to improve and strengthen the employability of all our employees.

Stable engagement levels

At NN, we believe that engaged employees are at the heart of a successful organisation. To understand how our employees feel about our company and to get an understanding of their engagement levels, we ask their opinion and get their views through an annual employee survey. The response rates this year – 86% of all employees completing the survey – was high, showing the commitment of our employees to have their voice heard and make our company an even better place to work. Despite ongoing restructuring, overall employee survey results show engagement levels that remain fairly stable at 71%. Furthermore, survey results show our continued focus on our customer, the need to continue to invest in collaboration and innovation, and reflect that colleagues feel all of us truly live our values – care, clear, commit – on a day-to-day basis throughout NN.

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Case study

Enhancing leadership self-awareness

Strong, empathetic and inspiring leadership is crucial for achieving our ambitions. In 2016, every senior NN leader was trained in giving coaching and feedback to unlock the full potential of their employees. Each senior leader also joined a three-day day leadership development programme.

In this programme, leaders receive a bird's-eye-view of an NN-like business, with trade-offs, experiencing external and internal events similar to events occurring in our current context. It provided a rich context in which critical leadership behaviours can be practiced, observed and coached.

Topics included: 'sense making in a dynamic context', 'understanding how entrepreneurial thinking, innovation and customer centricity translate into managerial decision making' and 'how to more effectively leverage the collective intelligence'.

Management Board members took an active interest by joining debrief sessions at the end of each programme, focused on how to use the insights that were gained.



Link to full article:
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71%
employee engagement