

Environmental Statement

Managing environmental impacts in our business

At NN Group, our purpose is to help people secure their financial futures. We are committed to do business in a way that is consistent with our values: care, clear, commit. These values guide our interactions with all stakeholders, and they embody responsible business conduct and corporate citizenship.

We aim to create long-term value and to be a positive force in the lives of all our stakeholders. We recognise that companies have a responsibility to protect the environment and contribute to limiting the negative impact of climate change. The NN Environmental Statement sets out our approach to address environmental impacts related to our own operations, our supply chain, our insurance and investment activities and our role as corporate citizen.

Our commitment to the environment

NN Group is committed to support the principles and standards on protecting and promoting the environment contained in the:

- OECD Guidelines for Multinational Enterprises
- United Nations Global Compact

This statement also reflects our commitment to international general and sector-specific standards such as the:

- UN Environmental Programme Finance Initiative (UNEP FI)
- Principles for Responsible Investment (PRI)
- Principles for Sustainable Insurance (PSI)

Furthermore we support the Sustainable Development Goals (SDGs) which were adopted by world leaders and came into force in January 2016.

Our approach

The basis of our approach to environmental risks and opportunities is embedded in the [NN statement of Living our Values](#), which provides the foundation on which we do business. We avoid or responsibly manage any negative impact our business activities may have on people or the environment, and seek positive change in society.

Our approach is further supported by more specific policies, described in this document, that support our day-to-day operations and our ongoing due diligence processes. Through these policies and standards and related due diligence, NN Group seeks to implement our responsibility to care for the environment. These responsibilities relate to our own operations, our supply chain, our insurance and investment activities, and our role as a corporate citizen.

Minimising our direct environmental footprint

As a financial service provider, our direct environmental impact is limited as we mainly operate in an office environment. Nevertheless, we aim to minimise our footprint by efficiently using natural resources, by identifying and implementing green alternatives, and ultimately by compensating the remainder of our carbon footprint.

In these efforts we focus on energy and business travel efficiency, and paper use reduction. We increasingly use digitalisation to replace mail and print for our clients. We continuously work to improve the energy efficiency of our buildings, and encourage the purchase of renewable electricity. We monitor and optimise the frequency of air travel through our partnership agreements on business travel. We encourage employees to use public transport or drive cleaner by introducing more electric cars in the NN car pool, and installing additional charging stations at our offices. We also facilitate working from home which can reduce emissions from travel. Finally, NN has been carbon neutral since 2007 as we compensate our CO₂ emissions by purchasing voluntary carbon credits.

At NN Group, managing our direct environmental footprint is a business imperative. We believe it contributes to saving costs, engages our employees, and leads to better decision-making and business results.

Our ambitions:

- Reduce the CO₂ emissions of our operations with 15% by 2020 (base year 2014)
- Purchase at least 70% of our electricity from renewable resources
- Support the circular economy through circular purchasing projects, i.e. when refurbishing our offices

- Remain carbon neutral by offsetting the remainder of our CO2 emissions
- Maintain a standard for transparency about our progress by reporting to CDP and disclosing relevant environmental performance indicators in our annual report

Respecting the environment in procurement

For many of our business partners, we are a relevant client and we aim to work together in a mutually beneficial way. Our procurement categories cover amongst others IT, professional services and facility management. Our Procurement Policy governs our approach to sustainability risks in our supply chain and applies to all markets in which we operate. During the supplier qualification process, the supplier is asked to provide detailed information on their policies regarding human rights, environmental care, labour rights, anti-bribery and corruption. Our procurement employees are trained to integrate sustainability aspects into the supplier qualification process.

Our ambitions

- Embed the mapping of environmental risks and opportunities across the different procurement categories into the end-to-end procurement strategy
- Strengthen the assessment of the sustainability performance of our major suppliers within the categories most sensitive to environmental risks by 2018
- Include non-financial risks and benefits in the audit processes for suppliers

Addressing environmental risks and opportunities as an insurer

In our role as a provider of insurance products and services, we seek to minimise negative impacts on the environment whilst looking for opportunities which may improve positive impacts.

As a provider of Property and Casualty insurance in the Netherlands we are directly exposed to the risk of insured losses resulting from severe weather conditions. Climate change is expected to increase insured losses from extreme events. We use risk calculation models in our forecasting analyses to align rates and reserves. With regards to our underwriting activities, we use external meteorological models to estimate the impact and damage caused by natural catastrophes. At the same time we develop products and services focusing on weather and weather-related events, and we seek to explore opportunities related to the transition to the low-carbon economy. Moreover, we aim to help our customers prevent damage caused by weather-related events.

Respecting environmental standards as an investor

NN's Responsible Investment (RI) Framework Policy outlines our expectations of, and processes for, assessing environmental, social and governance ("ESG") related risks for our investments. We incorporate ESG factors into investment analysis and decision-making. This includes engagement with companies and funds in which we invest, as well as analysis of ESG factors, including environmental performance.

The implementation of the RI Framework Policy is supported by more detailed guidelines and position papers, awareness raising and training for areas to be identified as high risk. This includes an [Investment Guidance Paper on Environment](#), with an Environmental Sector Risk Matrix which enables investment portfolio managers to understand and systematically analyse environmental risks across the various sectors we invest in.

As a long-term investor, NN Group considers climate change to be a topic that warrants specific attention. Climate change and the necessary transition to a lower-carbon economy could impact the long-term value of our investments. A good understanding of the carbon and climate exposure of investment portfolios is therefore important. It allows us to make better informed investment decisions. Furthermore, we believe that transparency on our carbon footprint helps to explain our stakeholders how we address climate change in our investments.

As an active investor, we aim to reduce our risks and contribute to a lower-carbon economy by engaging with our investee companies to request them to adopt environmentally responsible business practices. We do this individually, or in collaboration with other investors, for instance through the Institutional Investor Group on Climate Change (IIGCC). We further support initiatives such as the FSB's Task Force on Climate-related Financial Disclosures (TCFD) and the CDP, pushing for improved climate-related information of the companies we invest in.

Finally, we actively seek opportunities that allow us to invest in activities that support the transition to a lower-carbon economy. We not only do so for our own assets, but also on behalf of our clients. Through our sustainable solutions range, which includes SRI (socially responsible investment) and impact investing solutions, our asset manager helps clients to positively contribute to society and the environment.

Ambitions and objectives:

- Strengthen the integration of ESG factors into our investment analysis- and decision making for our asset classes

- Engage with companies and other stakeholders including policy makers on environmental issues, including climate change
- Continue to grow our Assets under Management in SRI funds and mandates and product offering
- Measure and publicly disclose the carbon footprint of (an important part) of our proprietary assets on an annual basis; and include environmental footprint information in reporting to our clients

Advocacy and memberships

We recognise climate change poses a significant threat to the livelihoods and wellbeing of societies. However, no stakeholder can succeed alone in solving the challenges of climate change. Close cooperation with policymakers and other stakeholders is needed to play our role in the transition. Our memberships and endorsements include:

- Paris Pledge for Action
- UN Sustainable Development Goals
- CDP
- Global Reporting Initiative (GRI)
- Institutional Investor Group on Climate Change (IIGCC)
- GRESB (for our real estate investments)
- Statement of Support for the Taskforce on Climate-related Financial Disclosures (TCFD)

The full overview of our memberships and endorsements is available on our [website](#).

Monitoring and disclosing our performance

We monitor the effectiveness of our approach to environmental care in various ways, including a periodic review of our adherence to our policies and standards and ongoing dialogue with stakeholders. We measure our greenhouse gas emissions and resource use of our countries covering 100 FTE and more on an ongoing and annual basis. We have set targets for reduction and energy efficiency, and we disclose these in our integrated annual report.

We are committed to being as open and transparent as possible about our business. We communicate proactively with stakeholders and offer a range of channels for them to engage with us. We seek to understand their perspective on our products and services, our business performance, our role in society and other topics. This input is used in both defining our strategy and our decision-making processes, and tells us how we can best align the interests of our businesses with the needs and expectations of our stakeholders.

Complaints mechanism

Having processes in place where all relevant stakeholders can express concerns related to our environmental performance is essential to effective stakeholder engagement. This includes complaints mechanisms for stakeholders such as employees, customers, businesses, suppliers and societal organisations.

Stakeholders that identify particularly serious or recurring issues are fast-tracked to Group Corporate Relations. We provide named senior contacts on our [website](#).

Disclosure

We communicate and report on our approach to stakeholder engagement, together with the key issues raised and actions taken, via our Annual Report and the NN Group website. Our disclosures are reviewed as part of the assurance of our sustainability reporting each year in accordance with the Global Reporting Initiative (GRI) Standards. In addition, we disclose our performance to CDP on an annual basis. Furthermore, we have taken note of the recommendations of the TCFD and are committed to further align our disclosures to these recommendations in our future reporting.

Governance

The Management Board (MB) and Supervisory Board (SB) of NN Group have approved this statement. The MB is responsible for the ongoing development of this statement and for the overall approach to environmental and climate-related risks and opportunities.

As part of NN Group's effective control framework all business units need to consider social and environmental risks in their business management, such as investment planning, risk management, and reporting. Furthermore, every employee of NN Group is responsible for day-to-day environmental performance improvement, e.g. by minimising energy usage, water and paper consumption, and recycling waste. Support and direction is provided by functions of NN Group, including Corporate Relations/Corporate Citizenship and Facility Management and Procurement.

This statement will be reviewed regularly, and revised if necessary, to continue to ensure its relevance in the course of time.