

In a fluctuating environment, we strive to drive change to meet evolving stakeholder needs

The financial services industry, which encompasses insurance and asset management companies, is continually faced with various structural changes.

Economic conditions such as low interest rates, as well as the continued ageing of populations, impact the environment in which the industry operates. Increased regulation and decisions made by industry supervisors have a large bearing on the offering of products and services. At the same time, the competitive landscape is constantly changing augmented by the rapid developments in the area of digitalisation and changing customer behaviour. Lastly, (geo)-political developments, and uncertainties surrounding them, lead to volatility in the economy and markets. As such, they both directly and indirectly impact the industry. For the sector as a whole, as well as for companies and other constituencies operating in this environment, these conditions require agility and stable, efficient, and responsible responses to challenges. This always with the interest of the customer front and centre.

The developments described on the following pages are a general assessment of the environment in which financial service providers – insurance and asset management companies in particular – have operated in 2016, including an outlook of the expected impact of these developments in 2017.

Economic and demographic developments

In the first half of 2016, economic developments in different parts of the world remained rather subdued. Towards the end of the year, some improvement in economic conditions gradually occurred. This was first seen in the US, where the state of the economy was the reason for the Federal Reserve to raise interest rates; Europe later followed suit. In 2017, long term yields are expected to increase, but gradually.

Economic indicators in several European countries, including the Netherlands, showed better-than-expected developments due to stronger consumption and investments. As a result, economic forecasts for the coming years have been adjusted slightly upwards. Japan continues to show the lowest economic growth figures and outlook on a global scale.

Modest positive signals for the global economy could be under pressure from ongoing economic, market, and political uncertainties. This may trigger corporates and the financial services industry to maintain no-regret policies, as they must be prepared for possible effects of (geo)political tensions, financial market volatility, and rapid changes in technology.

With low fertility rates and continued ageing, the working-age population (between the ages of 15 and 64) has declined over the past decade and is projected to further decline over the next years. These trends are common across the globe, and are set to increase pressure on pension and health care systems.

Regulation

2016 marked the start of the implementation of Solvency II regulation. In general, this was successfully completed, as demonstrated by the results of the recent European Insurance and Occupational Pensions Authority (EIOPA) stress tests published in December 2016. In 2018, a first part of the Solvency II regime will be evaluated. This will provide a first opportunity to assess whether the new risk-based approach and prudence built into the design of Solvency II indeed increased the protection of customers and still sufficiently allows insurers to play their role in the economy as long-term investors.

Early 2017, the new IFRS17 standards will come out for the valuation of insurance liabilities, to be implemented in 2021. Together with the already published IFRS9 standards for asset valuation, this will bring insurance IFRS to the market value world.

In the coming years, it is also expected that legislation will be enacted regarding recovery and resolution planning, both at national and European levels. In addition to regulations related to solvency and risk reporting, several consumer related legislations, like for instance the EU Insurance Distribution Directive (IDD) and the EU General Data Protection Regulation (GDPR) will become applicable. To bring more transparency on tax paid in different countries, tax regulation like Base Erosion and Profit Shifting (BEPS) will come into effect.

Competitive landscape

Various trends and developments are impacting the competitive landscape for financial service companies. Most importantly, customer behaviour is changing rapidly, with consumers increasingly asking for digital solutions.

This is most visible in the area of banking payments, but more and more in insurance and asset management as well. Particularly in the Property and Casualty (P&C) market, online sales of products are advancing quickly. Digitalisation also brings opportunities for insurance companies to broaden and deepen product offerings and increase partnerships with technological start-ups.

The outlook for life insurance and pension products differs across countries. In light of low interest rates, in some European market levels of guarantees in life products need to be addressed. In other markets the challenge lies in coming to terms with a post-guarantee operating environment which itself necessitates a new set of products and increased competition. In the Netherlands, the market for (individual) life and pension products is challenging. It has been observed by many that (life) insurers are forced to reduce costs and capacity, and to engage in consolidation wherever useful and efficient. Central and Eastern Europe remains an economic region with significant potential for the future as witnessed by rising demand for life insurance products and continued growth of the insurance sector in the region.

The asset management industry is currently facing various challenges that put pressure on margins. This is due to low interest rates, digitalisation and the move to passive investment solutions.

(Geo) political developments

Over the past few years political shocks became increasingly impactful in driving markets and economies. Political situations in many countries have changed significantly, as demonstrated by the outcome of the Brexit referendum in June 2016.

In a broader sense, there are many discussions about the consequences of globalisation, and in some major countries, including the US, measures are being proposed that tilt in the direction of protectionism. In general, European political leaders are facing the challenge of deciding on how European integration will further develop in the coming years.

In 2017, important elections are due in some of Europe's largest countries such as Germany and France, and in the Netherlands. This may impact the financial services industry as it is yet unknown whether specific new measures will be taken by newly elected governments. In the Netherlands for instance, decisions are expected regarding the future pension system and the labour market.

Also in other countries, for example Poland, currently elected governments are expected to take decisions on the pension system that may impact the activities of life insurance and pension providers in those countries.

Another country where NN is offering financial services in a volatile environment is Turkey. Further growth of the business is expected, and we are keeping a close eye on political and economic developments.

All in all, there seems to be a higher risk of uncertainty in the political space, accompanied by potentially substantial consequences on markets and the real economy.

Being prepared to drive change

What is clear from this general assessment is that the landscape of the insurance and asset management industry is changing rapidly. As in all sectors, businesses that are well-prepared to take advantage of the opportunities these changes bring will be able to create value for stakeholders in the future. Leveraging the opportunities brought with new trends, developments, and market challenges is critical for our long term, sustainable growth. Therefore, in order to further develop and refine our business strategy, it is essential to understand and anticipate the most relevant developments and issues, how these changes affect our business, and how to balance innovative growth with the risks of operating in a dynamic environment.

Weathering market volatility

In 2016, businesses were impacted by dynamic economic conditions, reducing the investment income of our insurance businesses. However, NN Group's capital position remained strong and resilient, allowing us to weather severe market volatility. In the following sections, we address the issues and trends that potentially have the most impact on our businesses, our stakeholders, and the way we are able to serve our customers.

This is done by discussing trends and issues that are considered important by NN Group and our various constituencies.

Case study

Brexit

In June 2016, the United Kingdom held a referendum that resulted in a decision to leave the European Union – 'Brexit'. With the announcement of Brexit, Europe was faced with growing uncertainty and risk in the markets, with a possibility of wide-ranging implications for the global insurance sector. NN Group has immaterial direct exposure to assets and currency in the United Kingdom. The ultimate impact for the financial sector much depends on what conditions UK companies will face to take part in the European Internal Market.



Our operating environment Understanding key trends and material issues

About NN
Marketplace and trends
Business model and value creation
Our strategy
Governance
Facts and figures

To earn trust and support, NN Group maintains an open and continuous dialogue with its stakeholders

NN considers customers, shareholders, employees, business partners and society at large (including regulators and societal organisations) important stakeholders. We seek feedback from them on different topics in order to learn which issues they consider important. We do this across all levels of the organisation.

Identifying the most relevant developments and issues within our sector, and the potential impact they have on our company is an ongoing process. We also consider these factors relevant to our annual reporting efforts. The guidelines of the Global Reporting Initiative (GRI) define material aspects that reflect an organisation's significant economic, social and environmental impacts, or that may substantially influence the assessments and decisions of our stakeholders.

This year, we further strengthened our materiality process by redefining our short-list of developments and topics that could potentially impact our company. We did this through an analysis of external research, reporting guidelines, sustainability benchmarks and peer reports. As a result, some topics were added to the list, such as innovation, responsible investment and tax practices; issues such as the use of social media and natural resources scarcity were removed.

To validate these developments and topics, an online survey was conducted amongst an enlarged group of external stakeholders, including investors, regulators, institutional clients, peers, NGOs, academics, and experts in the area of sustainability. Internally, the survey was completed by a group of more than 100 of our most senior managers, the members of our European and Dutch works councils, and representatives of NN Young, our internal network of young professionals. The results from both surveys were combined to create a materiality matrix that presents the developments and topics important to our company, and the relevance of these to our external stakeholders.

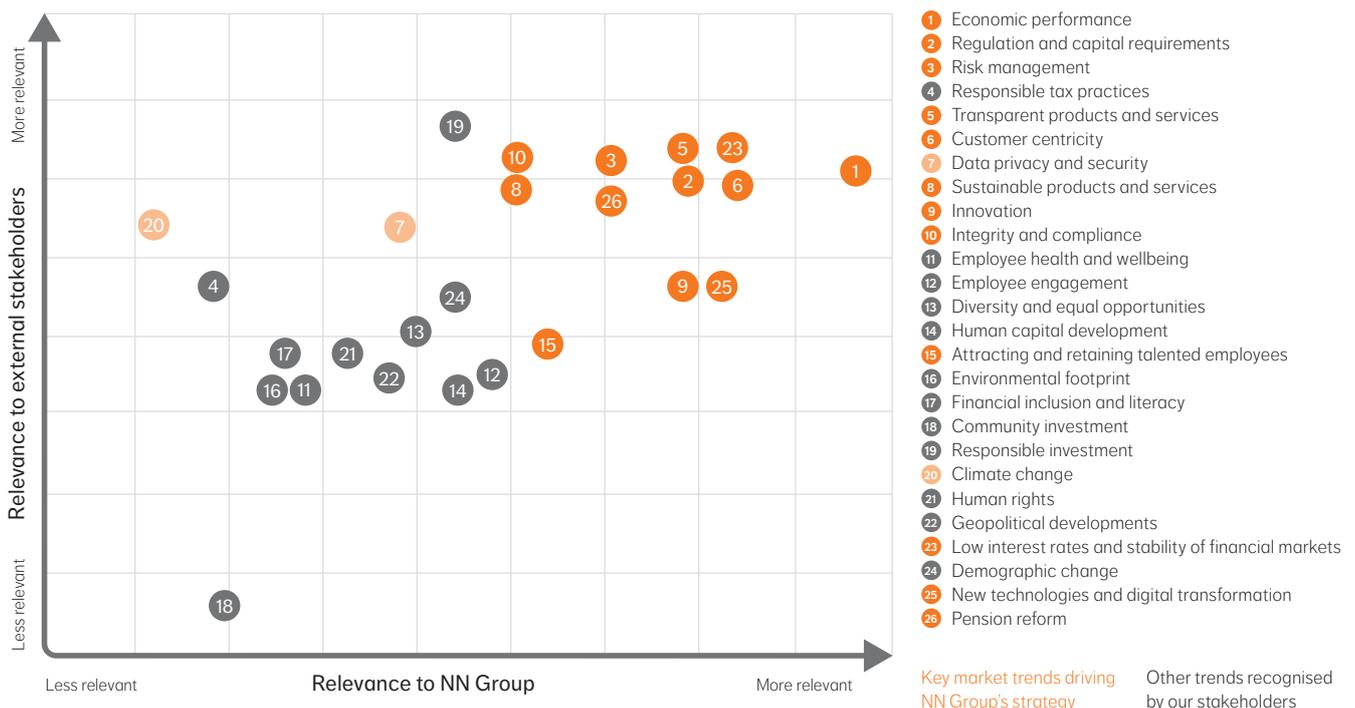
This process was supported and executed by an external agency to ensure a balanced and independent process.

The materiality matrix was discussed with NN Group's Supervisory Board, and validated and approved by the Management Board. These discussions did not affect the division of topics per quartile in the matrix. The outcome of this process is reflected in the figure below.

The most relevant trends and material topics, indicated in the upper right quarter of the matrix, and NN Group's response to them, are further described in the next chapter of this Annual Review. Although not recognised as most material items by all our stakeholders, we believe it is evident that cyber security and climate change impact our businesses, and therefore they are added to this overview.

 **Read more about these trends and topics and the impact on our businesses on pages 17-21. Read more about stakeholder engagement on pages 48-49.**

Trends and business concerns recognised as most material by our stakeholders



1 Although not recognised as one of the key material issues by all our stakeholders in the materiality assessment, we believe it is evident that climate change and the (future) legislation on data privacy and security impacts our businesses.

Our operating environment

Understanding key trends and material issues continued

About NN

Marketplace and trends

Business model and value creation

Our strategy

Governance

Facts and figures

The materiality assessment, combined with our own analysis, shows a number of **key trends and topics** that have the potential to impact the insurance and asset management industries.

Market trend

Customer

6

Customer centricity

Putting customers' interests first and striving to meet their needs throughout all different life stages is the key to being a customer-centric company. The fundamental need of people to protect themselves against life's uncertainties will continue to drive growth in the insurance industry over the long term. But the way people prefer that need to be met changes over time. These changing customer behaviours point to much quicker decision-making, and require our processes to be continuously adaptable.

Opportunities and risks

One of our main focus areas will be the way we engage with our customers. To become the partner for retail financial planning, we need to build our own relationships with our customer base. This requires intuitive tooling to facilitate more frequent contact, 24/7 through any means or device customers may use. We need to develop an ecosystem that facilitates direct customer contact. At the same time, it has a role for face-to-face contact with our distribution partners: agents, brokers, banks and other third party distributors. In addition to providing the right tooling, our product offering should anticipate the future needs of our customers, including different relevant social aspects and the shift towards a more sharing economy.

Our response

At NN Group, we aim to be a positive force in the lives of our customers. We want to help them secure their financial futures by empowering them to make sound financial decisions. Many people experience difficult financial situations due to unforeseen circumstances. We want to be there for our customers during these times, as well as when things are going well. As we aim to provide a positive and inclusive experience, we also reach out to people who may not have access to insurance and can benefit from additional support. By sharing their feedback with us, our customers help us improve our performance, and enable us to build a future-proof customer engagement model.



Read more about our customer-centric approach on pages 25-27 of this Annual Review.

5

8

Transparent and sustainable products and services

Customers ask for transparent products and services that are easy to understand, and not only generate good financial returns, but also have a positive impact on society and the environment. Customers are increasingly looking for transparency and clear information, enabling them to make the right choices. They also increasingly care about the way we integrate sustainability aspects into our business and product offering.

Opportunities and risks

NN provides a number of life insurance, pension, income, investment and banking products. Economic conditions, inherent product risks, a highly competitive market and the changing need of consumers, affect the sales of our products and services. Products with guarantees are often no longer affordable. Therefore, we need to transform our propositions to customers. In order to secure our market position, we need competitive products. Products that are designed bottom up, with continuous feedback from our customers. Additionally, we need to price our products according to customer expectations. The use of data analytics is crucial in this process.

Our response

We are committed to delivering products and services that are easy to understand and meet customers' lifetime needs. These are built in a standardised, modular way, with flexible features tailored to the needs of individual customers. We review our product range regularly to ensure that all products and services meet our customer, compliance, risk, capital, and profitability requirements. In order to have a competitive advantage in the market, we develop products that are both intuitive and personal. Before introducing new products and services, they go through our product approval and review processes (PARP). PARP ensures, in all our markets, that transparency and customer interest remain a top priority, aligned with our company's values. We are also increasingly paying attention to integrating sustainability aspects into our products and services, such as the offering of specialised SRI funds.



Read more about our transparent and sustainable products and services on pages 25-27, 31 and 42 of this Annual Review.

Dutch unit-linked products

In the Netherlands, unit-linked products have received negative public attention since the end of 2006. We have taken this criticism to heart, as our aim is to support our customers as best we can.

In recent years, NN has made significant progress in reaching out to ('activeren') individual customers who purchased unit-linked products in the past, addressing vulnerable customer groups with priority.

To date, we reached out to 100% of customers with non-accumulating policies, mortgage related policies and pension related policies (third pillar). NN will reach out to the remaining group before 1 January 2018.

From a total of almost one million individual unit-linked policies sold up to 2006, approximately 288,000 policies were still active on 31 December 2016.

In a limited number of cases (less than 500 by the end of 2016), NN has settled disputes with individual customers. These are tailor-made solutions. A limited number of individual customers have put forward their cases at the Dutch Complaints Committee Kifid or at the civil courts.

Read more on pages 110-111 of the Financial Report (Note 45).

Our operating environment

Understanding key trends and material issues continued

About NN

Marketplace and trends

Business model and value creation

Our strategy

Governance

Facts and figures

● ● Key market trends driving NN Group's strategy

Market trend

Technology

9 25

Digitalisation and innovation

Technological developments continue to evolve at an exponential rate, and with it the ways in which our customers need and wish to interact with us. Technology can make products and services simpler, more direct, transparent and easier to manage. Digitalisation contributes to the optimisation of distribution and flawless processes. It creates the need to make our services accessible anytime and anywhere, while at the same time preserve our personal approach.

Opportunities and risks

New technology is also giving rise to new forms of risk, security, and business models. Customers are becoming more comfortable exploring opportunities with non-traditional 'startup' companies within the financial sector. They are willing to consider products that offer something different than traditional savings and pension models. This said, they also continue to demand transparent products and services, and prudent management of their investments. Additionally, it is essential to strike a solid balance between innovating for the future and addressing our current business needs and challenges.

Our response

Innovation is a key focus area for NN Group's businesses. Our drive for innovation is about customer satisfaction, intuitive interaction and efficiency at the same time. Developing products and services that anticipate new customer demands – and meet them in tailored ways – as well as finding other means of distribution are at the core of our innovation strategy. Most developments in this area are incorporated in our approach to customers every day.

At the same time, we are continuously replacing and improving our legacy IT systems and portfolios. In 2016, we improved our mainframe. By combining data badges and reducing handovers, our overall data-processing time decreased. Additionally, we are in the process of bringing our IT systems to the Public Cloud. Our Cloud Transformation Programme has its focus on delivering business solutions with built in security and deployment automation. This will further increase the agility of our company.

Expanding our current innovation efforts, we are evaluating what the market has to offer in terms of innovative opportunities and new partnerships. Our approach to fintech investment is a means to create strategic, mutually beneficial opportunities and connections, rather than building them ourselves.

7

Data privacy and security

With the digitalisation of the insurance and asset management industry comes the increased risk and exposure to cyber crime activities. Although not recognised as one of the material issues by our stakeholders (see the materiality assessment on page 14 of this Annual Review), at NN Group we take data protection and the risk of potential information security breaches very seriously. We are aware of the potential impact of security breaches on our customers, employees, and other stakeholders, and the risk of reputational damage and loss of consumer trust it brings to our company, our brand, and the industry.

Opportunities and risks

The prevalence of cyber crime poses a real threat to our businesses and to the safety of our customers. Cyber criminals can use an array of online tools to hack into IT systems, ranging from distributing sophisticated malware to 'man in the middle' attacks that target our customers' data. The risk of cyber and data security goes beyond individual customers and businesses. It can also expose the financial industry to increased scrutiny and legal action from regulators, lawmakers, and governments.

Our response

At NN Group, we make every effort to provide optimal security and confidentiality of our customers' data and their transactions. Cyber security is an integral part of our risk management strategy. We work with well-known certification authorities, such as OpenTrust and GlobalSign. We use encryption and authentication mechanisms to secure online communication and transactions.

Security strategies are implemented at a local level through education and awareness. In order to prevent data breaches, our IT department delivers periodic instructions to all of our employees on how to manage the stored, personal data of our customers. We constantly perform security scans and we employ security guidelines which our businesses must meet to properly protect data. Examples are encryption and additional digital surveillance. We regularly review and update our privacy and security policies, as well as operating procedures, in order to comply with stringent regulatory requirements.

We have set up a Group-wide security organisation which has been implemented in all NN business units. We appointed a Chief Information Security Officer (CISO), who is responsible for the overall data and cyber security of NN Group. Central control and coordination are crucial for an effective security approach. For each business unit there are security teams, led by their own Business Information Security Officers.

 Read more about our innovation approach on pages 10-11 of this Annual Review.

 Read more about how we protect our customers' data and support them in protecting their data on pages 23 and 25 of this Annual Review.

Our operating environment

Understanding key trends and material issues continued

About NN

Marketplace and trends

Business model and value creation

Our strategy

Governance

Facts and figures

● ● Key market trends driving NN Group's strategy

Market trend

Talent and people

15

Attracting and retaining talented employees

Attracting and retaining qualified and skilled colleagues that share our company values and commitment is crucial for the success of any organisation. Offering ongoing development opportunities and an attractive remuneration model tailored to fit market circumstances is part of this process.

Opportunities and risk

In order to remain competitive in our industry, NN Group needs to attract high quality talent to the company. In a global marketplace in which industry sectors are increasingly blurred, as well as where new-style businesses are often deemed more attractive than traditionally operating companies, NN is in constant and increasing competition to bring in the best talent from different backgrounds. Moreover, due to rapid technological and regulatory developments, the pressure for financial companies to attract talent with experience, skills, and qualifications in areas such as risk (e.g. actuaries), IT, and customer intelligence continues to increase. It also means that companies are increasingly looking for people that thrive in a dynamic and continuously changing environment.

Our response

At NN Group, we aim to have a workforce that reflects the diversity of the communities in which we live and work. When we attract and select employees, we want to ensure there is cultural fit and that they embrace our values care, clear, commit.

Many prospective employees recognise that the insurance industry is changing rapidly. They are often attracted to NN because they want to be part of this change. As we are a company with an international footprint, employees have the opportunity to work in a different country for a few years. This creates a diverse corporate culture where differences are appreciated.

To attract and retain talented people we offer opportunities for personal and professional growth, encourage our colleagues to take responsibility, and create a work environment that values authenticity and collaboration. We feel responsible for the continuous development of our workforce. This allows our people to meet our high professional standards, and to remain employable in this rapidly changing environment.

In 2016, we specifically invested in leadership and talent development by deploying leadership curriculums and talent development programmes. These opportunities encouraged 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.

 Read more about our approach to attract, retain and support our talented people on pages 32-34 of this Annual Review.

Case study

NN Group traineeship

At NN Group we want to attract and retain the best talents who share our passion and commitment. One way we do this is by offering traineeships to the next generation of talented employees and potential leaders.

Our traineeship is centred around personal development, problem solving, insurance, asset management, change management, and innovation. You can read more about how our trainees participated in this programme on our corporate website.



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



Our operating environment

Understanding key trends and material issues continued

About NN

Marketplace and trends

Business model and value creation

Our strategy

Governance

Facts and figures

● ● Key market trends driving NN Group's strategy

Market trend

Economic environment

23

Low interest rates

Current macroeconomic conditions and volatile markets keep interest rates low, which pose continued challenges for the financial industry. Low interest rates affect investment yields and the returns for customers, and have a negative impact on profitability. In general, this impacts consumer trust.

Opportunities and risks

Slow and fragile economic growth affects societies and industries in different ways. There is the risk that people are underinsured, and long term savings are affected, both of which jeopardise people's pensions. Political stability is one factor needed to create stability, however current increased protectionism in certain countries is decreasing the connectedness between countries, which is a complicating factor. More than ever, financial services companies can step up to re-engage people and help them to take their financial futures into their own hands.

Our response

Our strong capital position allows us to weather severe market volatility and pay a dividend in line with our dividend policy. We limit our exposure to interest rates by matching the cash flows of our assets and liabilities. We diversify our investments and invest part of our capital in bonds, stocks, and other debt instruments. We take on higher yielding assets in a prudent matter.

With our core activities in retirement services and asset management, we can fill the gap in risk protection that is a result of retracting governments. We have the required expertise and, by combining our asset management, life insurance and retirement service capabilities, we have a solid basis on which to build.

We further strengthened the cooperation between our insurance and asset management businesses. For example, in the Netherlands NN Investment Partners and Netherlands Life have a history of developing various defined contribution (DC) propositions and will continue to work close together in the future.

2

Regulation and capital requirements

In the past years, the financial services industry has been significantly impacted by regulatory changes. New regulations increase operational practices in general, and capital requirements that financial institutions should hold against their risk profiles more specifically. An important change for the insurance industry is the implementation of Solvency II. Solvency II is the regulatory framework for (re-) insurance undertakings and groups domiciled in the EU and replaced the former regulatory regime, which was based on the EU Solvency I directive, as of 1 January 2016.

Opportunities and risks

Although insurance companies are generally well positioned to adequately respond to regulatory pressure, increased levels of regulation have created a new operating reality in the financial industry. The implementation of Solvency II impacts the risk profiles of companies, the volatility of the market value balance sheet and the amount of information requirements from regulators and investors.

Our response

We recognise the importance of clear and sound regulation, as this helps to build and maintain trust in our sector and company. It is important however to achieve the right balance, and prevent regulation from severely disrupting our operations, which in turn increases costs for our customers and decreases customer engagement. NN Group strongly supports the close collaboration of policymakers and the industry to mitigate these risks.

In December 2015, NN Group received approval from the Dutch regulator, De Nederlandsche Bank (DNB), to use our Partial Internal Model (PIM) under Solvency II for NN Group and its insurance subsidiaries in the Netherlands. NN Group was well capitalised at year-end 2016, with a Solvency II ratio of 241% based on the Partial Internal Model.

 Read more about our careful financial management to maintain a strong balance sheet, which enables us to weather volatile market circumstances, on pages 28-29 of this Annual Review.

Our operating environment

Understanding key trends and material issues continued

About NN

Marketplace and trends

Business model and value creation

Our strategy

Governance

Facts and figures

● ● Key market trends driving NN Group's strategy

Market trend

Economic environment continued

26

Pension reform

An ageing population, limited economic growth, unemployment, and budget deficits cause difficulties in the funding of pensions in different countries. With governments retracting, the responsibility to manage these difficulties is transferred to individuals. At the same time, they are confronted with increasing complexity caused by various changes in pension systems, usually resulting in low pension awareness.

Opportunities and risks

Given the geographical scope of our operations, we deal with many pension systems. Countries have their own pension schemes and their own specifics regarding retirement age, contribution rates, tax deductions, replacement rates, and funding. We need to manage this wide variety of systems and adapt our approach locally.

Our response

Although we must consider different pensions systems in different countries, we start by placing the customer at the heart of everything we do. We contribute to raising awareness about pensions, and how the changing landscape will affect people's future income. We aim to engage them early on in an active dialogue, and are focused on offering products and services that give individuals more autonomy and responsibility with regard to their own pensions. Additionally, we aim to offer them security in light of government pension reforms. We have diversified our business and adjusted our product mix by shifting towards defined contribution and investment products.

In several of the countries in which we operate we launched new services and apps, allowing customers to easily access their pension and life insurance accounts, access performance reports of their investment funds, take immediate action in case of pension deficits or just provide them with relevant information.

We support strong and clear regulation regarding pension reform, and also believe that cooperation between governments, regulators and pension providers is essential to better align the interests of the various parties in the pension sector. Customers will benefit from such a shared approach in creating pension sustainability.

 Read more about how we help people secure their financial futures on pages 25-27 and 41-44 of this Annual Review.

Market trend

Climate change

20

Climate change

Climate change poses a significant threat to the livelihoods and wellbeing of societies. The effects of climate change are already emerging with warmer temperatures and greater volatility in weather patterns. These changes can also pose a risk to the health of economies and financial markets, although the precise impacts and timing are difficult to predict. High uncertainty and the fact that climate change will occur over a long horizon are considered to be reasons why this issue was not indicated as most material for our company by all stakeholders. Nevertheless, NN considers climate change an issue that warrants attention.

Opportunities and risks

As a financial service provider we can be impacted by climate change risks in various ways. For example, in our non-life business, more frequent weather-related events such as wind- or hailstorms could lead to a higher claims ratio, impacting our profitability in certain product lines. Climate change could also have possible impacts on the investments of our life insurance business. The globally agreed goal to keep the temperature rise within 2°C above pre-industrial levels will require significant policy action by governments. This is a source of investment risk as the transition to a low carbon economy may negatively affect company cash flow and profits, particularly in carbon-intensive industries. At the same time, those companies that effectively manage the risks and opportunities may present good investments.

Our response

We aim to effectively manage our environmental footprint by reducing our use of natural resources, seeking green alternatives and compensating our carbon emissions (refer to page 35). In the non-life business, evaluating and managing the day-to-day impact of weather-related events is part of our core skills. Furthermore, a diverse range of products and a strong balance sheet help to provide resilience to these kind of risks. In managing investment portfolios, we integrate environmental, social, and governance factors in our analyses and decision making processes. Steps to address climate change also include proactive engagement with carbon-intensive companies and increasing our insights by measuring the carbon footprint of investments. Furthermore, we capture opportunities by offering clients sustainable products and solutions. We have taken note of the proposed recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are committed to further align our disclosures to these recommendations in our future reporting. To this end, a multi-disciplined working group will regularly inform the Management Board of our progress and challenges.

 Read more about our responsible investment and climate approach on pages 30-31 of this Annual Review.