

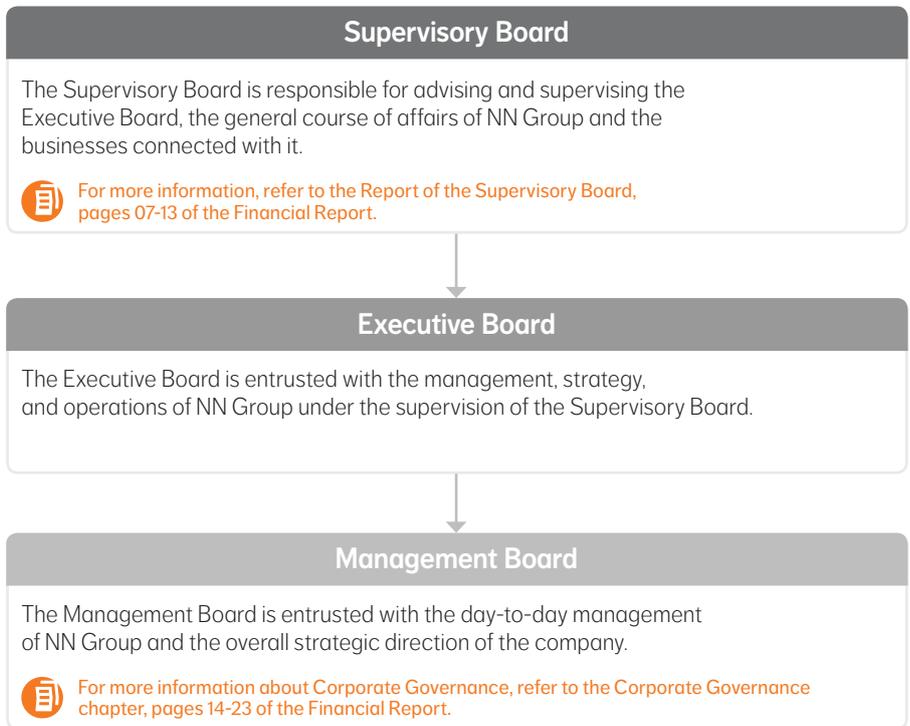
# NN Group operates under a two-tier board system

NN Group N.V. is a public limited liability company ('naamloze vennootschap') incorporated under the laws of the Netherlands. It has a two-tier board structure consisting of an Executive Board and a Supervisory Board. The company also has a Management Board.

## The interests of NN Group and its stakeholders

In performing its duties, the Boards must carefully consider and act in accordance with the interests of NN Group and its associated business, taking into consideration the interests of all stakeholders of NN Group. The organisation, duties and working methods of the Executive Board, Management Board and Supervisory Board are detailed in charters of these Boards. These charters are available for download on the NN Group corporate website.

For more specific information on the governance relating to our corporate citizenship approach, read more at [www.nn-group.com/in-society/Governance-memberships-and-endorsements.htm](http://www.nn-group.com/in-society/Governance-memberships-and-endorsements.htm)

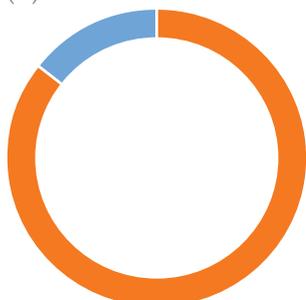


## 22 years

average experience in the financial services industry of an NN Group Management Board member

### Management Board diversity

(#)



Male 6  
 Female 1

## Compliance with relevant codes

### Dutch Corporate Governance Code

As a Dutch listed company NN Group must adhere to the Dutch Corporate Governance Code. NN Group endorses the Code and strongly supports its principles for sound and responsible corporate governance. NN Group considers the principles and best practices of the Code a useful and efficient guide that contributes to NN Group's effort to carefully take into account the interests of its stakeholders. The Code also supports transparency in decision-making and helps strengthen the principles of good governance. NN Group annually publishes a booklet on its application of the Code. The booklet is available for download on the NN Group corporate website.

Read more [www.nn-group.com/who-we-are/corporate-governance](http://www.nn-group.com/who-we-are/corporate-governance)

## NN Group Compliance Charter & Framework

NN Group is committed to upholding its reputation and integrity through compliance with applicable laws, regulations and ethical standards in each of the markets in which it operates. All employees are expected to adhere to these laws, regulations and ethical standards, and management is responsible for ensuring such compliance. Compliance is therefore an essential aspect of good corporate governance. The purpose of the NN Group Compliance Charter & Framework, which was renewed in June 2015, is to help businesses to effectively manage their compliance risks. This document is available for download on the NN Group corporate website.

Read more [www.nn-group.com/who-we-are/corporate-governance](http://www.nn-group.com/who-we-are/corporate-governance)

## Governance

# Our Management Board

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The Management Board is entrusted with the day-to-day management and overall strategic direction of NN Group. Its members have, on average, 22 years' experience gained from significant and varied roles in the financial services industry.



We would like to thank our cultural partner, the Mauritshuis Museum in The Hague, The Netherlands, for allowing us to take this group photo in their iconic entrance.

### Executive Board

#### 1. Lard Friese (1962) Chief Executive Officer

Appointed: 2014 Nationality: Dutch

Lard Friese was appointed as member and vice-chair of the Executive Board on 1 March 2014 and as Chief Executive Officer (CEO) and chair of the Management Board and Executive Board on 7 July 2014. Previously he was appointed to the Management Board of ING Insurance as from 3 November 2011. Lard is responsible for the strategy, performance and day-to-day operations of NN. He has been employed by ING/NN since 2008 and brings 27 years' experience in the financial services industry, most recently with NN Insurance Eurasia and Nationale-Nederlanden.

#### 2. Delfin Rueda (1964) Chief Financial Officer

Appointed: 2014 Nationality: Spanish

Delfin Rueda was appointed to the Executive Board as Chief Financial Officer on 1 March 2014 and as member of the Management Board on 7 July 2014. Previous to that he was CFO and member of the Management Board ING Insurance Eurasia N.V. since 2012. Delfin is responsible for NN's finance departments and investor relations. He brings 23 years of experience in the financial services industry. Prior to joining ING in 2012, he was Chief Financial and Risk Officer and member of the Management Board at Atradius. He also held leadership positions at J.P. Morgan, UBS and Andersen Consulting.

### Management Board

#### 3. David Knibbe (1971) Chief Executive Officer Netherlands Insurance

Appointed: 2014 Nationality: Dutch

David Knibbe was appointed to the Management Board on 7 July 2014. From 1 September 2014, he was appointed Chief Executive Officer of Netherlands Insurance. In this role, David is responsible for NN's insurance and banking business in the Netherlands. He is also responsible for IT globally. He brings 19 years' experience in the financial services industry and held management positions at ING Bank, ING Piraeus in Greece, NN Investment Partners and Nationale-Nederlanden. David Knibbe is chair of the Dutch Association of Insurers.

#### 4. Robin Spencer (1970) Chief Executive Officer International Insurance

Appointed: 2015 Nationality: British

Robin Spencer was appointed to the Management Board on 1 August 2014, and as Chief Executive Officer International Insurance on 1 September 2014. He is responsible for NN's Insurance Europe, Japan Life, Japan Closed Block VA and NN Re businesses. Robin was previously Chief Executive Officer of Aviva UK & Ireland General Insurance. He has over 20 years' experience in the insurance industry across life, non-life and asset management in the UK and internationally.

#### 5. Dorothee van Vredenburg (1964) Chief Change and Organisation

Appointed: 2014 Nationality: Dutch

Dorothee van Vredenburg was appointed to the Management Board as Chief Change and Organisation (CCO) on 7 July 2014. Dorothee is responsible for NN's human resources, communications and sustainability. She joined ING/NN in 2009 as managing director of Corporate Communications and Affairs of ING Group. She brings 27 years' experience in the financial services industry starting as an investment banker, and held leadership positions at amongst others Citigate First Financial.

#### 6. Stan Beckers (1952) Chief Executive Officer NN Investment Partners

Appointed: 2014 Nationality: Belgian

Stan Beckers was appointed to the Management Board as Chief Executive Officer NN Investment Partners on 7 July 2014. Stan is responsible for NN's asset management business. Over the past 26 years, he has also been a member of the Investment Committees at several pension funds and of the Supervisory Board at KAS Bank, Robeco, Econwealth and St Lawrence Trading Inc. Stan is also a visiting professor at KU Leuven. As announced on 16 February 2017, Stan is retiring on 1 April 2017 and will be succeeded by Satish Bapat, currently CEO of NN Life Japan.

#### 7. Jan-Hendrik Erasmus (1980) Chief Risk Officer

Appointed: 2016

Nationality: South African and British

Jan-Hendrik Erasmus was appointed to the Management Board on 1 September 2016 and as Chief Risk Officer of NN Group on 1 October 2016. Previously, he was a Partner in Oliver Wyman's Financial Services business, Head of the UK Insurance Practice and a member of the European Leadership Team. He joined Oliver Wyman in 2009, before which he held leadership positions in Lucida plc and Prudential plc. Jan-Hendrik has more than 14 years of financial services experience across insurance, risk and investment management in the UK and internationally.

#### Doug Caldwell (1969) Chief Risk Officer

Nationality: American

Stepped down 1 October 2016

After more than 17 years with ING and NN, Doug Caldwell stepped down from his position as Chief Risk Officer and member of the Management Board of NN Group as of 1 October 2016 to pursue his career outside of the company. He joined ING in 1999 and was Chief Risk Officer and member of the Management Board since 1 December 2012.

**To earn trust and support, NN Group maintains an open and continuous dialogue with its stakeholders about various topics and issues, including our products and services, our business performance, and our role in society. We do this across all levels of the organisation, from NN Group to business unit levels.**

NN Group identifies stakeholders based on their relevance to NN Group. Parties are regarded as stakeholders when they have a significant impact on our business, or who are impacted by our business. We consider 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.

This input is used in defining our strategy and in our decision-making processes, and tells us how we can best align the interests of our business with the needs and expectations of our various stakeholder groups.

The instruments to conduct this dialogue include regular interactions and feedback sessions for customers on our products and services; roundtable sessions with policymakers, academics and peers; works council meetings with employee representatives and continued dialogue with our employees;

frequent bilateral contact with regulatory and government authorities and societal organisations (including non-governmental organisations, labour unions and industry associations); and briefing sessions and roadshows for journalists, analysts, and investors.

In 2016, we were confronted with various developments, issues, and challenges. These were brought to our attention by, or discussed with, different stakeholders. Below we provide a snapshot of the key developments and dilemmas.

### Stakeholder and topic

#### ICSR sector covenant

**Following its policy paper ‘CSR Pays Off’ and a sector risk analysis by KPMG presented in 2014, the Dutch government is supporting the development of sector-based covenants with Dutch sector associations.**

The covenants are intended to be the product of multi-stakeholder dialogue between sector associations, member companies, government, trade unions and civil society organisations. Through these covenants, sector associations can identify leading International Corporate Social Responsibility (ICSR) risks facing their sector and develop collaborative approaches to address them. This work is being undertaken in close collaboration with the Social and Economic Council of the Netherlands (SER), the advisory and consultative body of employers’ representatives, union representatives, and independent experts that have been fostering sustainable supply chain management among Dutch industry. In 2016, the Dutch insurance sector has expressed its commitment to working on the development of an ICSR sector covenant. Within a reasonable period of time parties aim to come to agreements related to risks in the area of human rights, labour situations and the environment for the investment activities of Dutch insurers.

### Stakeholder and topic

#### Ratings and benchmarks

**NN Group participates in various ratings and benchmarks.**

This often includes a dialogue to improve our understanding of stakeholder expectations. In 2016, we were invited for a dialogue session organised by the Dutch Association of Investors for Sustainable Development and PwC in honour of the 2016 Tax Transparency Benchmark. The report acknowledged the large improvement NN made compared to 2015. We shared our experience and how the benchmark was used as a practical guide to take several steps in the area of tax transparency. We expressed that the benchmark remains valuable, but that it is important that the method remains stable. In another example, NN representatives attended a meeting organised by the Fair Guide, a Dutch NGO initiative, to discuss their revised annual sustainability assessment. We expressed our concerns on the overly detailed policy expectations. Furthermore, the methodology is focused on exclusion of sectors and activities from investment, which is not in line with our approach. NN’s policy is aimed at the integration of Environmental, Social and Governance (ESG) issues into our investment decision-making process. An important principle is to encourage businesses to positive change through engaging in a dialogue with them. By publishing our policies and guidance papers, we hope to provide our stakeholders with a better understanding of our approach.

### Stakeholder and topic: dilemma

#### Climate change

**Prior to and at our Annual General Meeting of Shareholders, a Polish NGO asked us to divest from coal companies.**

The burning of coal to produce energy is carbon intensive, contributing to climate change. That is why it is an increasing societal concern, and the focus of increasing regulatory policy tightening. Coal-based business models are of particular concern, also to long-term investors. We clarified that NN’s own exposure to coal companies is limited. We have no investments in mining companies deriving more than 25% of revenues from thermal coal; we have invested around 1% of NN’s proprietary assets in utilities, and these companies derive a part of their power-generation capacity from coal. As a long term investor, there are different ways to address potential climate change risks. One of which is by excluding entire sectors. We question however whether this is the most effective way to support the transition towards a low carbon economy. At NN, we prefer active engagement. In 2016, our asset manager started a 2-year engagement with utility companies (refer to pages 30-31 of this Annual Review). If we consider there is not enough progress against engagement goals set, NN may decide to divest. We are further working on a carbon footprint of our proprietary assets, which will contribute to more insights prioritising companies with which to engage.

## Governance

Stakeholder engagement and our international commitments continued

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### International commitments and endorsements

As a company based in the Netherlands, we adhere to Dutch law and the Dutch Corporate Governance Code (read more on page 44). We observe the laws and regulations in the markets where we operate.

We adhere to international standards and guidelines, including the UN Global Compact and Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD).

To underline our ambition, NN Group and/or its respective businesses, endorsed various international initiatives, such as:

- Principles for Sustainable Insurance
- Principles for Responsible Investment
- Carbon Disclosure Project

Furthermore, we are a member of various (inter)national network organisations, including:

- UN Global Compact
- United Nations Environmental Programme Finance Initiative (UNEP FI)
- International Corporate Governance Network (ICGN)
- MVO Nederland

 For an overview of all endorsements and memberships go to our website: [www.nn-group.com/in-society](http://www.nn-group.com/in-society)

### Sustainable Development Goals

We support the Sustainable Development Goals (SDGs). The SDGs were adopted by world leaders and came into force in January 2016 and relate to climate, poverty, health care, education, and other societal challenges. The SDGs are set for 2030 and in addition to government action, institutional and private investment capital will be needed to help achieve these goals.

NN Group, together with 17 other Dutch financial institutions, contributed to a report called 'Building Highways to SDG Investing'. In November, the report was presented to the Dutch Minister for Foreign Trade and Development Cooperation at the Global Impact Investing Network (GIIN)'s conference. With this report the group of financial institutions invite the Dutch government and Central Bank to continue to make a concerted effort with them in support of the SDGs. NN joined this initiative as we believe it is important to collaborate on this topic, and because we acknowledge that considering the largest societal challenges is important in our work and investments.

Early 2017, we invited a group of 20 stakeholders to engage in a conversation on our potential impact on the SDGs, and how these relate to our strategy and our key objective: creating long-term value for all stakeholders. Government representatives, regulators, investors, NGOs, academics and peers were present, and the dialogue was hosted by Dorothee van Vredenburg, member of our Management Board.

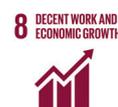
As an insurance and asset management company with a purpose to help people secure their financial futures, we learned that SDG 8 (Decent work and economic growth) and SDG 12 (Responsible consumption and production) resonate most with our core activities. Regarding our investment activities, we discussed that different investment instruments, such as ESG integration, dialogue and engagement, and impact investing, might be linked to additional SDGs. More specifically, SDG 3 (Good health and well-being), SDG 7 (Affordable and clean energy) and SDG 9 (Industry, innovation and infrastructure) were mentioned as potential goals. The outcomes of this stakeholder dialogue will be used to strengthen our strategy going forward.

### Approach to human rights

Respect for human rights is an integral part of our values as confirmed in the NN statement of Living our Values. The principles contained in the UN Guiding Principles for Business and Human Rights guide us in implementing human rights in our business activities and interactions with stakeholders. The principles make a clear reference to internationally accepted standards, such as the UN Declaration of Human Rights.

Through various policies and related due diligence, NN Group seeks to meet its responsibility to respect human rights in our role towards employees, suppliers, clients, investments and the communities in which we operate. Examples of such internal policies are our Human Capital policy, Procurement policy and our Responsible Investment Policy Framework. To provide our stakeholders, including investors and NGOs, with more insight and to guide our analysts in their assessment, we published an Investor Guidance paper on Human Rights in July 2016. In addition to these policies, we developed an overarching corporate Human Rights Statement in 2016. This statement, endorsed by the Management Board, underlines our commitment to human rights and was published early 2017.

#### The primary SDGs to which we aim to contribute



##### Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



##### Responsible consumption and production

Ensure sustainable consumption and production patterns

## We take a holistic approach to reporting. Our Annual Report consists of two components: this Annual Review and the Financial Report.

In the Annual Review, we aim to provide a concise, accurate and balanced account of NN Group's performance over the past year. In-depth information, particularly regarding our financial performance, can be found in the Financial Report. NN Group N.V. is referred to in this document as 'NN Group' or 'NN'.

In this year's Annual Report, we made a next step towards integrated reporting. Elements such as our materiality matrix, and a description of how our business model creates values for our stakeholders, are again included in the Annual Review. The performance data regarding responsible investment, human capital, community investment and environmental footprint that were in the Sustainability Supplement last year are now included in the Annual Review. It aligns relevant information about our strategy, governance systems, performance, and future prospects in a way that reflects the economic, environmental and social contexts in which we operate.

As of the financial year 2016, NN Group will also publish a Solvency and Financial Condition Report (SFCR), which will include public quantitative and qualitative disclosures on Solvency II, either through a specific reference to this Annual Report or as supplemental information. The SFCR will be published later in 2017 on NN Group's corporate website in accordance with the relevant deadlines.

We believe that this reporting strategy enables us to tailor our reporting for different stakeholders, many of whom require different depths of information.

The online versions of the Annual Review and the Financial Report contain a number of links. Links to sources on the NN Group website are also included.

### Reporting profile

This is NN Group's third standalone Annual Report, after our separation from ING Group and becoming a publicly listed company on 2 July 2014. It is published on 16 March 2017. We report annually, on a calendar year basis (1 January – 31 December).

### Reporting process

Relevant topics were selected for the 2016 Annual Report, more specifically the Annual Review, through a materiality assessment using internal and external research and other sources. In addition, a survey was conducted amongst external and internal stakeholders to help steer our focus.

 For more information, see page 16 of this Annual Review.

Information in this review is based on extensive reporting from our countries, businesses and functions. All information is reviewed by NN Group's Disclosure Committee and is subject to approval of our Executive Board and Supervisory Board before publication.

We aim to provide transparency and enhance the reliability of the reported content for our stakeholders. Therefore, our external auditor KPMG provided limited assurance on the Annual Review. We provide evidence to our external auditor to support the statements we make in this report.

The non-financial information in scope of the assurance engagement of KPMG is defined as related to the material topics: transparent products and services, customer centricity, sustainable products and services, innovation, employee health, wellbeing and employee engagement, diversity and equal opportunities, human capital development, attracting and retaining talented employees, environmental footprint, financial inclusion and literacy, community investment, responsible investment, climate change and human rights. The non-financial information is included on the following pages of the Annual Review: About NN (pages 05-11), Marketplace and trends (pages 16-17, 19, 21), Our business model (pages 22, 25-27, 30-37), Our strategy (page 45), Governance (pages 48-50), Facts and figures (pages 53-56). Please see page 57 of this Annual Review for their assurance report.

### Boundary and scope of the reported data

The boundaries of this report are defined by the topics included in the materiality assessment and the results that are presented in the materiality matrix.

The scope of the reported data is the range of entities over which NN Group has management control. The aforementioned applies to all material items as depicted in the materiality matrix in the Annual Review, unless otherwise stated.

The scope for community investment and environmental data is all businesses with more than 100 FTE. NN Group used an online system, Credit360, for gathering the information and data for community investment and environmental footprint. We have tried to limit any uncertainties in the reported data through our internal validation process, including application of validation rules in Credit360.

We have sourced the HR data directly from the HR data analytics department. The financial data reported in this review has been fully sourced and aligned with NN Group's 2016 Financial Report.

In the reporting year 2016, no significant changes occurred regarding our corporate citizenship strategy, definitions and reported data. Also, no acquisitions or divestments occurred that impacted our scope (see page 39 of this Annual Review), therefore no changes occurred regarding our reporting approach.

### Reporting guidelines

The information and data in the NN Group Annual Review is in accordance with the G4 guidelines (Core) from the Global Reporting Initiative (GRI). It aims to make information available in a manner that is understandable and accessible to stakeholders using the report and reflects different aspects of the organisation's performance to enable a reasoned assessment of overall performance.

The GRI Index table states the indicators NN Group is reporting on, including where to find the respective information, either in this Annual Review, Financial Report and/or the NN Group website. The index table can be found on [www.nn-group.com/annual-report](http://www.nn-group.com/annual-report). In this document you can also find the Progress reports for the UN Principles for Sustainable Insurance and the UN Global Compact.

### Going forward

Going forward, we will continue to tailor our reporting to serve different stakeholder groups. This includes further integration of financial and non-financial information and indicators to provide stakeholders with a complete picture of how we create long term value for our company and stakeholders.