

# Environmental Statement

**We are committed to contributing to the well-being of people and the planet**

At NN Group, our purpose is to help people care for what matters most to them. We do so guided by our values care, clear, commit, and our brand promise You matter. Through our strategic commitments, we want to contribute to the well-being of people and the planet. We do business with the future in mind and aim to contribute to a world where people can thrive for generations to come. Furthermore, we aim to create long-term value for all our stakeholders. We believe that companies have a responsibility to protect the environment and bring positive change by investing in climate solutions that combat negative impacts 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 a corporate citizen.**

## **Our commitment to the environment**

NN Group recognises its responsibility to contribute to a healthy environment for all generations. Therefore, NN Group is committed to support the principles and standards that protect and promote the environment, as defined in the:

- OECD (Organisation for Economic Cooperation and Development) Guidelines for Multinational Enterprises
- United Nations Global Compact

Furthermore, we are committed 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)
- Task Force on Climate-Related Financial Disclosures (TCFD)

NN implements (upcoming) regulations such as the Sustainable Finance Disclosure Regulation (SFDR), and Corporate Sustainability Reporting Directive (CSRD).

Additionally, NN Group is committed to supporting the transition to a low-carbon economy, in line with the Paris Agreement objectives. We defined a first set of interim targets to reach net-zero greenhouse gas (GHG) emissions by 2050, which is consistent with efforts to limit global average temperature increase to 1.5°C (see [NN Group - Taking climate action \(nn-group.com\)](https://www.nn-group.com)).



NN uses methodology from the Platform for Carbon Accounting Financials (PCAF) for measuring the financed emissions of investments.

In addition, we signed up to the Paris Aligned Asset Owner initiative (PAAO), formerly known as Paris Aligned Investment Initiative (PAII), Net-Zero Asset Owner Commitment where we use the Net-Zero Investment Framework of the Institutional Investors Group of Climate Change (IIGCC) to guide efforts to achieve net-zero emissions globally by 2050 or sooner.

NN Group is also committed to the Net-Zero Insurance Alliance (NZIA) with the objective to achieve a net-zero underwriting portfolio by 2050. Finally, we support the Sustainable Development Goals (SDGs) which 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 mitigate or responsibly manage any negative impact our business activities may have on people or the environment and seek positive change in society.

NN is also an active advocate for sustainability and the environment internally through for example, our Sustainable September awareness raising initiative and nature clean-up activities as part of our employee volunteering, and externally by signing collaborative endorsements, pledges and statements.

## Reference to Environment in our policies

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

## Governance

The NN Group Executive Board ensures that the company has adequate internal risk management and control systems in place so it is aware of any material risks taken by the company, and ensures that these risks are managed properly. Each year, the Executive Board evaluates the company's risk appetite, related limits and tolerances. This evaluation is ratified by the Supervisory Board. The Executive Board's responsibilities include the formulation and execution of the company's strategy, consistent with its focus on long-term value creation. As of 2020, NN disclosed additional strategic commitments that included environmental, social, governance (ESG) matters (see our annual report; Our strategy and performance).

The Supervisory Board oversees the strategy pursued by the Executive Board, while the Management Board is responsible for the company's day-to-day management and overall strategic direction. This includes the setting and achievement of the company's objectives including any ESG objectives it deems relevant.

Within the Management Board, the Chief People, Communications, and Sustainability Officer (CPCSO), who reports to the CEO, has Corporate Citizenship, including sustainability, in her portfolio. The CPCSO is the sponsor of any sustainability, climate or responsible investment-related topics discussed by the Management Board. The Chief Risk Officer (CRO), also a member of the Management Board who reports to the CEO, has day-to-day responsibility for NN Group's risk management function. The CRO is tasked with ensuring both the Management Board and Supervisory Board are always informed of and understand the material risks to which NN is exposed. This includes risks related to sustainability matters, including climate change.

The CRO is also the sponsor of the NN Group annual Own Risk & Solvency Assessment (ORSA), where we evaluate outcomes of scenario analyses, including climate change. To ensure NN Group adheres to ESG-related regulations, the Risk and Compliance functions are tasked with overseeing proper implementation and monitoring ongoing compliance. In addition, each of our other Management Board members is responsible for promoting and integrating sustainability into their respective businesses or functions as relevant. For more information about NN's governance, please visit our corporate website [nn-group.com](http://nn-group.com).

## Reducing our direct environmental footprint

As a financial service provider, NN's direct environmental impact is limited as we mainly operate in an office environment. Nevertheless, we have a responsibility to approach the environment with care and strengthen engagement with our stakeholders. In addition, managing our direct footprint is a business imperative. We believe it contributes to saving costs, employee engagement, better decision-making and business results.

Our aim is to minimise our operational footprint by focusing on the avoidance or reduction of GHG emissions to achieve a sustainable and net-zero emissions business by 2040. To make steps towards our goal, we focus on improving our energy efficiency and use of renewable electricity in our buildings, and reducing our business travel. To reduce business travel, NN encourages hybrid working and promotes the use of public transport to reduce employees' commutes and use of private vehicles. NN also engages in voluntary GHG offsetting programmes that contribute to reducing the remaining scope 1 and 2, and part of scope 3 emissions.

Furthermore, our (work) environment is reflected by a circular and sustainable design where we use sustainable materials, and reuse materials from renovations and rebuilds. We also aim for a zero-waste office where garbage is separated and recycled sustainably.

## Respecting the environment in procurement

NN is committed to making sustainable procurement decisions, and we encourage our suppliers to do the same. Our approach starts with assessing ESG factors that can pose risks or opportunities for NN. We then incorporate appropriate evaluation criteria in our sourcing processes and challenge our suppliers to offer sustainable and innovative solutions. In making our purchasing decisions, we evaluate all costs associated with the product or service and take environmental performance into account when the impact is deemed to be significant.

Our Procurement Policy governs our approach to sustainability risks in our supply chain – further detailed in the NN Group Sustainable Procurement Statement (see [NN Group - Sustainable business operations \(nn-group.com\)](#)) - and applies to all markets in which we operate. NN's Terms and Conditions include our most important standards on our approach to the environment, which our suppliers agree to when doing business with NN. On top of this, all suppliers above a spending threshold are asked to commit to our Supplier Code of Conduct (SCC)

(see [NN Group - Sustainable business operations \(nn-group.com\)](#)), which outlines social, ecological, and ethical principles. This SCC sets out our expectations of the sustainability policies and practices of our suppliers.

Our suppliers are invited to register on a supplier qualification platform where they provide detailed information on the policies and processes, they have in place to limit environmental impact. During the course of a contract, we also engage actively with our suppliers to stimulate ongoing improvements.

### **Respecting environmental standards as an investor**

As a large insurance company, NN maintains a globally diverse investment portfolio with a long-term horizon. We believe that as a long-term investor we have a duty to act in the best interest of our stakeholders and the world we live in.

The long-term value of our investments is dependent on many environmental and climate change related risks and opportunities; environmental degradation, climate change impacts, and a transition to a net-zero global economy. Therefore, it is particularly important to have a good understanding of our investment portfolio's overall exposure to environmental factors (climate change, air pollution, animal welfare, water pollution, scarcity of fresh water, land contamination, biodiversity loss and deforestation among others) to make well-informed investment decisions. For further information on NN's approach to the environment and how we apply due diligence in our role as an investor, we refer to our Investment Guidance paper on the Environment document found on our website [NN Group - Responsible investment \(nn-group.com\)](#).

In addition, we recognise the urgent need to combat the impacts of global warming and consider climate change to be a topic that warrants specific attention. Therefore, in 2020, we announced our ambition to transition our proprietary investment portfolio to net-zero GHG emissions by 2050. For the implementation of our net-zero commitment, NN Group is developing asset class specific strategies and targets in a step-by-step manner (See [NN Group - Carbon footprint and net-zero commitment \(nn-group.com\)](#)).

Through our responsible investment practices, we aim to limit the impact of our investments and avoid causing harm by systematically incorporating ESG and climate factors into our investment decisions, policies, and strategies as described in NN's Responsible Investment (RI) Framework Policy (See [NN Group - Responsible investment \(nn-group.com\)](#)).

NN's Responsible Investment (RI) Framework Policy outlines our expectations of, and processes for, assessing ESG and climate change related risks and opportunities that can impact the value of our investments. As part of our approach to Responsible Investing, where possible and feasible, we aim to mitigate adverse impacts from our investments that can occur in different areas, such as related to environmental matters. To mitigate identified adverse impacts, we apply

a combination of engagement, voting and restrictions; a combination that differs depending on the topic, asset class or investment product.

The implementation of the RI Framework Policy and Paris alignment strategy is supported by detailed guidelines and position papers, and outreach and training activities to bring awareness and successful implementation within our investment activities. This includes an Investment Guidance Paper on the 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 an active investor, we aim to reduce our risks and contribute to a low-carbon economy by engaging with our investee companies to request them to adopt environmentally responsible business practices. These engagements are guided by NN Group but primarily conducted by our external asset managers which engage either individually or in collaboration with other investors for instance through Climate Action 100+ or the PRI. We further support initiatives such as the Financial Stability Board's TCFD and the CDP, pushing for improved climate-related information of the companies we invest in.

NN Group continuously seeks to improve transparency about our environmental and carbon footprint and continues to make commitments to reduce its impact. For example, in 2022, we updated our coal phase-out policy (See [NN's Responsible Investment \(RI\) Framework Policy](#)). We also believe that transparency in our carbon footprint and setting GHG emissions targets helps us explain to our stakeholders how we address climate change in our investments. Target setting and reporting across asset classes are ongoing and our strategies and policies will continue to evolve, as data availability and reporting standards improve.

### **Respecting the environment through our products and services**

#### **Addressing environment as an insurance provider**

In our insurance products and services, we seek to identify and minimise negative impacts on the environment whilst looking for opportunities to improve positive impacts on our environment and accelerate the transition to a low-carbon economy.

For example, the floods in Western Europe, during the summer of 2021, impacted our customers, demonstrating our direct exposure, as an insurer, to risks and losses resulting from severe weather conditions. In fact, climate change related events present risks and opportunities that are expected to increase over the mid- to long-term. Climate change is complex and contains significant areas of uncertainty, particularly when considering long-term horizons. We will continue to assess the impact of physical climate risks on our insurance underwriting portfolio for global warming scenarios such as from the Intergovernmental Panel on Climate Change (IPCC).

Within our insurance business, resiliency and adaptation is part of our approach. We manage physical climate risks and seek to leverage opportunities in several ways. For instance, insuring environmental risks allows us to offer and develop a range of products that help customers adapt to and mitigate the impact of climate change. Insuring environmental risks in general and climate change related risks in particular, is an important part of our approach because it helps our customers become more climate resilient in the future.

Moreover, we also adapted existing features in our insurance offerings and provide insurance products that protect against physical climate-change related impacts, such as severe weather events. Within our property and casualty (P&C) business, NN helps customers take precautionary measures, with the aim of preventing and minimising claims caused by events such as windstorms or fires.

For our insurance activities, we have signed the Net-Zero Insurance Alliance (NZIA) for which we committed to bring our insurance underwriting portfolio to net-zero by 2050. To contribute to the transition to a low-carbon economy, we also implemented a coal policy for insurance underwriting. Visit [NN Group - Insurance and banking activities \(nn-group.com\)](https://nn-group.com) for more information on our insurance underwriting coal policy.

#### **Addressing the environment as a pensions provider**

NN believes that it is important to implement sustainability in our pension products. Therefore, NN is continuously developing sustainable pension products that incorporate ESG features such as, 'Human capital planner' for clients that also provides insights in the carbon footprint of part of the investments in the defined contribution lifecycle products, GHG emissions compensation initiatives for corporates, as well as a range of life cycle funds with impact investing.

#### **Addressing environmental risks and opportunities as a bank**

NN Bank is the banking business of NN Group. As a retail bank, NN provides mortgages, savings, consumer credits and investments products to consumers in the Netherlands. As a bank, we want to be a sustainable business leader.

We focus on two key topics that will have a profound impact on the lives of our customers and the way they make financial decisions:

- **Customer empowerment:** we want to provide customers with the tools and resources needed to make better informed financial choices and exercise greater control over their personal financial situation including reducing individual housing and energy costs by providing insights and facilitate solutions
- **Climate change & environment:** we steer our banking product portfolio towards net-zero by 2050, or sooner, to become aligned with the Paris agreement 1.5°C pathway.

To better serve our clients we will pro-actively develop products and services that support our customers through these challenges and transitions.

We are working on roadmaps for pathways to the transition to a low-carbon economy to be able to set metrics and targets – in line with the Commitment of the financial sector to the Dutch Climate Agreement. The Dutch Climate Agreement aims to reduce to GHG emissions with 49% by 2030 (compared to 1990). It concerns all sectors of the Dutch economy and society, and requires the support from, and collaboration with, all stakeholders.

For NN Bank, supporting this commitment entails the measurement of the carbon footprint of our mortgage portfolio and taking action to reduce this. More specifically, we are working together with industry peers in the Energy-Efficient Mortgages (EEM) Netherlands Hub, and the PCAF for investments to develop standards and frameworks for energy efficient mortgages and carbon footprint measurement. This work will feed into the development of strategy and targets to contribute to commitment of the financial sector to the Dutch Climate Agreement.

We encourage our customers to reduce their GHG emissions wherever possible, and we will help them do so with propositions and services such as Woonnu and Powerly.

Also, NN Bank established its Green Bond Framework, enabling the bank to issue green bonds to finance and/or refinance mortgages for energy-efficient residential properties in the Netherlands.

#### **Addressing biodiversity risks and opportunities**

We recognise that addressing adverse impacts on the environment is not only about reducing our GHG emissions, but also about preserving and restoring our ecosystems, biodiversity and much more.

As an insurer, we seek solutions that address biodiversity. For example, as one of the leading marine insurers in the Netherlands, NN aims to limit negative impacts to the oceans' ecosystems; not only from climate change but also from pollution and overfishing. To underscore our intentions, NN signed the Marine Insurance Statement to fight pirate fishing.

Furthermore, as a responsible investor, NN Group adopts biodiversity factors under the E in our ESG integration strategy. We apply active ownership practices to encourage investee companies to adopt more responsible environmental and social practices to enforce nature positive changes. To strengthen our commitment to protect and restore nature, NN Group signed the Finance for Biodiversity Pledge and became a member of the Finance for Biodiversity Foundation in September 2022.

NN Group's strategy on biodiversity will continue to evolve as data, reporting, and standardisation improve.



## 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. As the majority of NN's environmental impact is indirect through its investments, we are highly dependent on the actions of others, in particular corporate investees, mortgage holders and real estate tenants, and governments to disclose their emissions, set targets and demonstrate climate action and environmental stewardship. Therefore, close cooperation with policymakers and other stakeholders is needed to reach our goals in the transition.

For an overview of our memberships and endorsements, please visit our website.

Next to this, we participate in (sector) initiatives that help to further develop methodologies and undertake other activities that support us in realising these goals. For example, in the IIGCC Paris Aligned Investment Initiative, we help to further develop the Net-Zero Investment Framework which enables investors to align their investment portfolios with the goals of the Paris Agreement. In the PCAF we work on developing methodologies to measure the carbon footprint of our investment and insurance portfolio. We are also a supporter of initiatives such as Climate Action 100+ which encourages the largest corporate GHG emitters to take necessary action on climate change.

## Monitoring and disclosing our performance

We monitor the effectiveness of our approach to environmental care in many ways, including a periodic review of our adherence to our policies and standards and ongoing dialogue with stakeholders. We measure our GHG emissions and resource use for all our business units on an annual basis. We have set targets and actions for the reduction of our GHG emissions (See [NN Group - Taking climate action \(nn-group.com\)](#)), and we disclose our progress in our annual report.

We are committed to being as open and transparent as possible about the way we do business. We communicate proactively with stakeholders and offer a range of channels for them to engage and enter into dialogue 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 to define 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.

### Important legal information

This document is not intended to be relied upon by any third party. The guidelines may be subject to change at any time.

© 2022 NN Group N.V

## Complaints mechanism

Having processes in place for our stakeholders to express their concerns related to our environmental performance is key to effective stakeholder engagement. This includes complaints mechanisms for employees, customers, businesses, suppliers and societal organisations in local languages and prevents access by unauthorized NN employees.

An authorised Whistleblower Reporting Officer will handle the complaint and communicate with the reporter. Other stakeholders, such as suppliers and third parties, can also report breaches in a work-related context with NN.

Employees can raise concerns anonymously outside the normal reporting channels, through our NN Group Whistleblower Policy. Customer complaints are dealt with in line with the relevant Privacy Policy and Complaints Management Policy and can be submitted anonymously via our website. We aim to offer an accessible mechanism to handle complaints on NN Group activities in a systematic way and ensure that stakeholders are made aware of the procedure and how it works.

Stakeholders that identify particularly serious or recurring issues are fast-tracked to our Corporate Relations department. We provide named senior contacts on our website ([www.nn-group.com](#)) for each of our key stakeholder groups and publish the process for complaints on our Customer Support pages.

## Disclosure

We communicate and report on our approach to stakeholder engagement, together with the key issues raised and actions taken, in our Annual Report and on [nn-group.com](#). 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 are committed to continuing to incorporate the TCFD recommendations in our reporting.

## Approval

The Management Board of NN Group has approved this updated statement in October 2022. The Management Board is responsible for the ongoing development of this statement and for the overall approach to environmental and climate-related risks and opportunities.

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

The Hague, October 2022

