

# Second-Party Opinion

## NN Group

# Sustainability Bond Framework



## Evaluation Summary

Sustainalytics is of the opinion that the NN Group Sustainability Bond Framework is credible and impactful and aligned with the four core components of the Green Bond Principles 2021, the Social Bond Principles 2023 and the Sustainability Bond Guidelines 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds - Green Buildings, Renewable Energy and Affordable Housing - are aligned with those recognized by the Green Bond Principles 2021, the Social Bond Principles 2023 and the Sustainability Bond Guidelines 2021. Sustainalytics considers that the eligible categories are expected to lead to positive environmental and social impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11.



**PROJECT EVALUATION AND SELECTION** NN Group's Green, Social and Sustainability Bond Committee is responsible for evaluating and selecting projects eligible under the established criteria. NN Group's due diligence processes support the mitigation of environmental and social risks potentially associated with the eligible assets. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** NN Group's Green, Social and Sustainability Bond Committee will manage proceeds using a portfolio approach. NN Group intends to fully allocate proceeds to eligible assets within 36 months of issuance. Pending allocation, proceeds will be temporarily held in cash, cash equivalents or used for other treasury business.



**REPORTING** NN Group commits to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the total amount allocated, number of eligible assets, balance of unallocated proceeds, amount of financing and refinancing, and geographical distribution of eligible assets, to the extent possible. In addition, NN Group intends to report on relevant impact metrics. This is in line with market practice.

<b>Evaluation Date</b>	March 11, 2024
<b>Issuer Location</b>	The Hague, The Netherlands

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## Alignment with the EU Taxonomy

Sustainalytics has assessed the Framework for alignment with the EU Taxonomy's criteria for Substantial Contribution (SC) to its environmental objectives, Do No Significant Harm (DNSH) and Minimum Safeguards. The criteria defined in the NN Group Sustainability Bond Framework's use of proceeds category map to five activities in the EU Taxonomy. For more details, please see Section 1 and Appendix 1.

## Introduction

NN Group N.V. (“NN Group” or the “Group”) is one of the largest insurance providers in the Netherlands, providing retirement services, pensions, insurance, investments and banking to approximately 20 million customers. Headquartered in The Hague, NN Group is active in 11 countries, including a strong presence in other countries in Europe and Japan.

NN Group has developed the NN Group Sustainability Bond Framework dated March 2024 (the “Framework”), under which it intends to issue green, social and sustainability bonds<sup>1</sup> and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to improve the environmental performance of buildings, advance a low-carbon economy and generate social benefits in the EU and the UK. The Framework defines eligibility criteria in three areas:

1. Green Buildings
2. Renewable Energy
3. Affordable Housing

NN Group engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP) and Social Bond Principles 2023 (SBP).<sup>2</sup> The Framework will be published in a separate document.<sup>3</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>4</sup> opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- Alignment of the use of proceeds criteria with the SC criteria, DNSH criteria and alignment with the Minimum Safeguards of the EU Taxonomy;
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.15, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of NN Group’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. NN Group representatives have confirmed (1) they understand it is the sole responsibility of NN Group to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

<sup>1</sup> NN Group has confirmed to Sustainalytics that the type of secured bond, i.e. secured green collateral bond or secured green standard bond, will be specified as per the voluntary process guidelines published in the June 2022 Appendix 1 of the GBP 2021 and that there will be no double-counting of and any other outstanding financing.

<sup>2</sup> The Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

<sup>3</sup> The NN Group Sustainability Bond Framework will be available on NN Group’s website at: <https://www.nn-group.com/investors/nn-group-debt-credit-ratings/sustainable-bonds.htm>

<sup>4</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and NN Group.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that NN Group has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the NN Group Sustainability Bond Framework

Sustainalytics is of the opinion that the NN Group Sustainability Bond Framework is credible and impactful, and aligns with the four core components of the GBP, SBP and SBG. Sustainalytics highlights the following elements of NN Group's Sustainability Bond Framework:

- Use of Proceeds:
  - The eligible categories, Green Buildings, Renewable Energy and Affordable Housing, are aligned with those recognized by the GBP, SBP and SBG. Sustainalytics considers that the eligible projects are expected to contribute in the transition to a low-carbon economy and are expected to have overall positive social impacts in Europe.
  - Sustainalytics notes that proceeds will not be allocated to assets directly linked to fossil fuel energy, nuclear energy, gambling, tobacco, alcohol or weapons.
  - NN Group has confirmed to Sustainalytics that the Framework does not include opex financing or refinancing, and the proceeds will be directed only to towards capex. Therefore, a look-back period has not been specified in the Framework.
  - Under the Green Buildings category, NN Group may finance or refinance residential real estate in the Netherlands and commercial real estate in the EU and the UK according to the following eligibility criteria:
    - Residential and commercial properties built before 31 December 2020 are eligible if they have energy performance certification<sup>5</sup> (EPC) A or above, or which belong to the top 15% of the national building stock in terms of primary energy demand (PED).
    - Residential and commercial properties built after 31 December 2020 with energy performance at least 10% higher than the threshold for nearly zero-energy buildings in the local market, in terms of PED.
    - Refurbishment of residential buildings resulting in at least 30% energy savings compared to pre-renovations levels, or refurbishment of residential buildings following the EU Directive 2010/31/EU definition for major renovations in the relevant jurisdiction.<sup>6</sup> Sustainalytics notes that the EU Taxonomy<sup>7</sup> requires meeting the relevant

<sup>5</sup> EPCs play a central role in the context of the Article 20 (2) EPBD, which asks (EU) Member States to provide information on the energy performance certificates and the inspection reports, on their purpose and objectives, on the cost-effective ways and, where appropriate, on the available financial instruments to improve the energy performance of the building to the owners or tenants of the buildings. Further details available at: European Commission, EPC distribution per energy label, at: <https://ec.europa.eu/energy/en/content/epc-distribution-energy-label>

<sup>6</sup> The Directive 2010/31/EU of the European Parliament and of the Council stipulated that the energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective national and regional building regulations or directive for 'major renovation'.

<sup>7</sup> Ibid.

- cost-optimal minimum energy performance requirements implementing the EPBD, which vary among EU member states. Sustainalytics therefore encourages NN Group to report on the actual improvement on primary energy demand performance or energy savings achieved in comparison with the existing building stock in the area or region.
- Commercial buildings certified to one of the following minimum certification levels: i) LEED Gold; ii) BREEAM Excellent; iii) DGNB Gold; or iv) HQE Excellent.
  - Based on the above, Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Renewable Energy category, NN Group may finance or refinance the construction, development, acquisition, maintenance and operation of facilities that produce electricity from: i) wind power; ii) solar photovoltaic power; and iii) concentrated solar power (CSP) technology. For CSP, NN Group has confirmed to Sustainalytics that most of the electricity (at least 85%) generated is derived from solar sources. Sustainalytics' considers investments in this category to be in line with market practice.
  - Under the Affordable Housing category, NN Group may finance or refinance the construction, refurbishment, maintenance and operation of social housing infrastructure, meeting the statutory definition and relevant eligibility criteria as set out in the applicable local regulation. NN Group has confirmed to Sustainalytics that the proceeds will be used in the Netherlands and France under this category as per the applicable local regulation.<sup>8,9</sup> Sustainalytics considers an emphasis on lower-income households to be socially impactful. Sustainalytics notes that the criteria in this category may include the provision of affordable housing for middle-income households, which goes beyond focusing only on low-income households.<sup>10,11</sup> Sustainalytics considers it is good practice to prioritize financing the provision of housing to low-income households. Nonetheless, Sustainalytics notes that the criteria will be consistent with government policy and regulations and that the financing that is specifically directed towards low-income households will generate positive social impacts.
- Project Evaluation and Selection:
    - NN Group's process of evaluating and selecting eligible assets is overseen by its Green, Social and Sustainability Bond Committee (the "Committee"), which comprises representatives from NN Group's investment office, corporate citizenship, finance, corporate treasury, legal and risk management departments. The committee will meet at least annually to review and approve eligible assets.
    - The Group has in place internal due diligence processes to mitigate environmental and social risks associated with the eligible assets financed in line with local and international standards, as well as local laws and regulations, which are applicable to all allocation decisions made under the Framework.
    - Sustainalytics considers this process to be in line with market practice.
  - Management of Proceeds:
    - The Committee is also responsible for the allocation, management and tracking of net proceeds. NN Group will manage the proceeds using a portfolio approach and will strive to ensure that the amount allocated matches or exceeds the balance of outstanding bond proceeds.
    - NN Group intends to fully allocate proceeds to eligible projects within 36 months of issuance. Unallocated bond proceeds will be held temporarily at the discretion of the Group in line with its cash investment policies in cash, cash equivalents or used for other treasury business. NN

<sup>8</sup> NN Group has communicated to Sustainalytics that it follows the Dutch Social Housing Law where the income threshold is set at EUR 47,699 for one person households and 52,671 for multi-person households. Government of the Netherlands, "Housing", at: <https://www.government.nl/topics/housing/rented-housing>

<sup>9</sup> Sustainalytics notes that the eligibility thresholds for social housing in France is set as per the 'maximum amount' depending on the number of people to be housed and the location of the accommodation (Île-de-France, province or overseas). The Government of the French Republic, "What are the conditions for obtaining social housing?", at: <https://www.service-public.fr/particuliers/vosdroits/F869?lang=en>

<sup>10</sup> Sustainalytics notes that the income thresholds for access to social housing are above the income of the median Dutch household, opening the sector to large parts of the population. Geis, A (IMF), "Housing Supply in the Netherlands: The Road to More Affordable Living: NETHERLANDS", (2023), at: <https://www.imf.org/en/Publications/selected-issues-papers/Issues/2023/03/15/Housing-Supply-in-the-Netherlands-The-Road-to-More-Affordable-Living-NETHERLANDS-530859#:~:text=Selected%20Issues%20Papers-.Housing%20Supply%20in%20the%20Netherlands%3A%20The,to%20More%20Affordable%20Living%3A%20NETHERLANDS&text=Summary%3A,of%20afordable%20housing%20has%20risen>.

<sup>11</sup> Sustainalytics notes that the median equalized net income in France in 2022 was EUR 23,053. Eurostat, "Mean and median income by age and sex - EU-SILC and ECHP surveys", at: [https://ec.europa.eu/eurostat/databrowser/view/ilc\\_di03/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_di03/default/table?lang=en)

- Group has confirmed to Sustainalytics that in the cases of debt refinancing, repurchases and temporary allocation for other treasury businesses, it will exclude refinancing debt that is linked to carbon-intensive assets or activities in line with the Framework’s exclusionary criteria.
- NN Group has confirmed to Sustainalytics that secured or covered bonds may be issued under the Framework and that the Group will avoid double accounting of allocated proceeds and its associated impact.
  - Sustainalytics considers this to be in line with market practice.
  - Reporting:
    - NN Group commits to report on allocation and impact of proceeds via an external report published on its website on an annual basis until full allocation has been reached.<sup>12</sup>
      - To the extent possible, allocation reporting will include total amount of proceeds allocated to eligible assets, number of eligible assets, balance of unallocated proceeds, amount or percentage of financing and refinancing and geographical distribution of eligible assets (per country).
      - Where feasible, the Group intends to report on the estimated environmental and social impacts of the projects to which it has allocated proceeds. Some of the potential impact indicators include energy consumption and savings (kWh/m<sup>2</sup>), total capacity installed (MW), estimated avoided emissions (tCO<sub>2</sub>e), number of beneficiaries in the targeted population.
    - Sustainalytics considers NN Group’s allocation and impact reporting commitments to be in line with market practice.

**Alignment with the Green Bond Principles 2021 and Social Bond Principles 2023**

Sustainalytics has determined that the NN Group Sustainability Bond Framework aligns with the four core components of the GBP, SBP and SBG.

**Alignment with the EU Taxonomy**

Sustainalytics has assessed each of the Framework’s eligible green use of proceeds criteria against the relevant criteria in the EU Taxonomy. For SC and DNSH, please see Table 1. For Minimum Safeguards, please see below.

**Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy**

EU Taxonomy Activities corresponding to Framework Criterion	Alignment with Technical Screening Criteria		Alignment per EU Environmental Objective					
	SC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
Acquisition and ownership of buildings	■	■	■	■	-	-	-	-
Renovation of existing buildings	■	□	■	■	-	■	□	-
Electricity generation from wind power	■	■	■	-	■	■	-	■
Electricity generation using solar photovoltaic technology	■	■	■	■	-	■	-	■
Electricity generation using concentrated solar power (CSP) technology	■	■	■	■	■	■	-	■

<sup>12</sup> Impact and allocation reporting will be published at: <https://www.nn-group.com/investors/nn-group-debt-credit-ratings/sustainable-bonds.htm>

<b>Legend</b>	
Aligned	■
Partially aligned	▣
Not aligned	☒
Not applicable	-
Grey shading indicates the primary EU Environmental Objective	

### **Alignment with the EU Taxonomy’s Minimum Safeguards**

The EU Taxonomy recommends that companies have policies aligned with international and regional guidelines and regulations pertaining to human rights, labour rights, and combating bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, companies should be in compliance with the International Labour Organisation’s (ILO) declaration on Fundamental Rights and Principles at Work.

Based on a consideration of the policies and management systems applicable to Framework criteria, as well as the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy’s Minimum Safeguards requirements will be met.

### **Human and Labour Rights**

NN Group has implemented the following policies and procedures regarding human and labour rights:

- NN Group’s Investment Guidance paper on Human Rights specifies the Group’s approach to human rights in its investment decisions. The paper aims to align the Group’s Responsible Investment Policy Framework<sup>13</sup> with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the UN Global Compact’s pillar of Human Rights.<sup>14</sup> The paper also describes the human rights risk assessment the Group undertakes to identify incidents regarding community relations, access to basic services, supply chains, labour relations, occupational health and safety, including their impacts on society and the environment, as well as the level of financial risk for the Group.<sup>15</sup>
- NN Group’s Human Rights Statement outlines a commitment to the International Bill of Human Rights, which consists of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights.<sup>16</sup>
- NN Group’s Responsible Investment Framework policy, which follows the international standards detailed above, outlines the Group’s responsible investment criteria on governance, human rights, labour rights, environment, and bribery and corruption. In case of violations, the Group engages with the respective company to address the issue, including it in a “restricted list” when a resolution is not considered feasible. When a formal engagement process is possible and addressing the violation is feasible, a review after three years will follow to identify if the engagement has led to the desired changes. Alternatively, the company is considered ineligible for investment and the Group removes the company from its investment universe.<sup>17</sup>
- NN Group’s Investment Guidance paper on labour rights introduces labour rights-related aspects in the Group’s investment decisions, especially in relation to responsible labour practices. The Group’s labour relations risk assessment takes into account topics such as child labour, forced

<sup>13</sup> NN Group, “Responsible Investment Framework policy”, at: <https://www.nn-group.com/article-display-on-page-no-index/responsible-investment-framework-policy.htm>

<sup>14</sup> NN Group, “Investment Guidance Paper on Human Rights”, at: <https://www.nn-group.com/article-display-on-page-no-index/investment-guidance-paper-on-human-rights.htm>

<sup>15</sup> Ibid.

<sup>16</sup> NN Group, “Human Rights Statement”, at: <https://www.nn-group.com/article-display-on-page-no-index/nn-group-human-rights-statement.htm#:~:text=Respecting%20human%20rights%20as%20an%20employer&text=NN%20will%20not%20tolerate%20the,on%20local%20legislation%20and%20culture.>

<sup>17</sup> Ibid.

and compulsory labour, freedom of association, discrimination and harassment, occupational health and safety.<sup>18</sup>

- Additionally, NN Group's Sustainable Procurement Statement and its Supplier Code of Conduct<sup>19</sup> establish principles of sustainable procurement in alignment with the requirements of ISO 20400,<sup>20</sup> which provides guidelines for integrating sustainability into an organization's procurement processes. The Group's Supplier Code of Conduct requires all its suppliers and subcontractors to comply with all applicable laws and standards, such as the United Nations Principles, United Nations Human Rights treaties, the core conventions of the International Labour Organisation and the Children's Rights and Business Principles.<sup>21</sup>

Based on the work of its research services and its ESG Risk Rating assessment, Sustainalytics evaluated the performance of NN Group in the area of human and labour rights and has not detected involvement in any relevant controversies that would suggest that the above policies are not adequate in addressing key risks.

Sustainalytics is of the opinion that these measures appropriately safeguard minimum standards on human rights in relation to the activities of the Framework.

### Anti-bribery and anti-corruption

NN Group has implemented the following anti-bribery and anti-corruption policies and procedures:

- NN Group's Code of Conduct guides its policies and procedures on bribery and corruption-related topics, including conflicts of interest, insider trading, fraud and anti-trust.<sup>22</sup> The Group hosts regular global training sessions to maintain employee awareness on the risks of bribery and corruption, including insider trading and market abuse.<sup>23</sup>
- NN Group has developed a whistleblower policy aligned with the objectives of the EU Whistleblower Directive.<sup>24</sup> The objective of this policy is to provide a channel to report any suspected unethical conduct or breaches of laws, the Group's Code of Conduct or the NN Statement of Living our Values, through reporting channels that include reporting to their managers, whistleblower reporting officers or anonymously via the Speak Up system.<sup>25</sup>

Based on the work of its research services and its ESG Risk Rating assessment, Sustainalytics evaluated the performance of NN Group in relation to anti-bribery and anti-corruption matters, and has not detected involvement in any relevant controversies that would suggest that the above policies are not adequate in addressing key risks.

Sustainalytics is of the opinion that these measures provide the minimum safeguards required for anti-bribery and anti-corruption matters in relation to the activities of the Framework.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that NN Group's policies, guidelines and commitments are sufficient to demonstrate that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

## Section 2: Sustainability Strategy of NN Group

### Contribution of the Framework to NN Group's sustainability strategy

NN Group has implemented responsible investment as a strategic priority to drive and execute its sustainability efforts.<sup>26</sup> The Group's approach to managing the environmental impacts of its investment activities, operations and supply chain underpins its environmental strategy, with NN Group following ESG standards and sector agreements, such as the UN Principles for Responsible Investment and UN Global Compact.<sup>27</sup> In 2019, NN Group signed the Dutch Climate Agreement, thereby committing to measure the

<sup>18</sup> NN Group, "Investment Guidance Paper on Labour Rights", at: <https://www.nn-group.com/article-display-on-page-no-index/investment-guidance-paper-on-labour-rights.htm>

<sup>19</sup> NN Group, "Supplier Code of Conduct", at: <https://www.nn-group.com/article-display-on-page-no-index/nn-group-supplier-code-of-conduct.htm>

<sup>20</sup> ISO 20400:2017- Sustainable procurement Guidance at <https://www.iso.org/standard/63026.html>

<sup>21</sup> NN Group, "Sustainable Procurement Statement", (2022), at: <https://www.nn-group.com/article-display-on-page-no-index/nn-group-sustainable-procurement-statement-2022.htm>

<sup>22</sup> NN Group, "Code of Conduct" (2024), at: <https://www.nn-group.com/article-display-on-page-no-index/code-of-conduct.htm>

<sup>23</sup> Ibid.

<sup>24</sup> NN Group, "Whistleblower Policy", at: <https://www.nn-group.com/article-display-on-page-no-index/whistleblower-policy-2.htm>

<sup>25</sup> Ibid.

<sup>26</sup> NN Group, "Sustainability", at: <https://www.nn-group.com/sustainability.htm>

<sup>27</sup> NN Group, "Environmental Statement", at: <https://www.nn-group.com/nn-group/file?uuid=ab280c84-20b0-460d-b664-08ede65776ef&owner=84c25534-c28a-4a64-9c78-5cc1388e4766&contentid=7438>

carbon footprint of its investments and financing, and to publish action plans.<sup>28</sup> In 2020, NN Group signed on to the Paris Aligned Asset Owners initiative,<sup>29</sup> and in 2021, it became a member of the Net-Zero Insurance Alliance, committing to transition its underwriting portfolios to net zero GHG emissions by 2050.<sup>30</sup> In 2022, the Group continued to be included in the Dow Jones Sustainability Indices and the FTSE4Good Index Series.<sup>31</sup> Furthermore, in 2021, NN Group was ranked second out of 30 Dutch insurance companies in the Benchmark on Responsible Investment of the Dutch Association of Investors for Sustainable Development (VBDO).<sup>32, 33</sup>

The Group has committed to make its proprietary investments and insurance underwriting portfolio net zero by 2050, with interim reduction targets for its investments portfolio of 25% by 2025 and 45% by 2030, compared to a 2019 baseline.<sup>34</sup> The Group's Climate Action Plan outlines strategic steps to achieving these targets.<sup>35</sup> In line with the Partnership for Carbon Accounting Financials (PCAF) methodology, NN Group reports that its carbon emissions data covers 91% of its assessed portfolio assets.<sup>36</sup> To reduce GHG emissions from its portfolios, in 2023, the Group introduced its first oil and gas policy for proprietary assets that includes an approach to both unconventional and conventional oil and gas activities. The policy sets investment-related restrictions and criteria for new investments in oil and gas companies aligned with the Paris Agreement 1.5°C pathway, and aims to become net zero by 2050.<sup>37, 38</sup> Additionally, the Group aims to increase its investments in climate solutions, such as renewable energy infrastructure, green bonds and green buildings, by at least EUR 6 billion by 2030. Furthermore, originally adopted in 2014 and revised in 2023, the Group has developed a Responsible Investment Framework policy, through which it systematically incorporates ESG factors into its investment decision-making process.<sup>39</sup>

Given the Group's sustainability strategy and commitments, Sustainalytics is of the opinion that NN Group's Sustainability Bond Framework is aligned with the Group's sustainability strategy and initiatives and will further the Group's action on its key environmental and social priorities.

#### **Well-positioned to address common environmental and social risks associated with the projects**

Sustainalytics recognizes that proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) occupational health and safety; ii) biodiversity and land use change issues associated with large infrastructure projects; and iii) emissions, effluents and waste. Sustainalytics is of the opinion that the Group is able to manage or mitigate potential risks through implementation of the following practices and regulations:

- The Group's Responsible Investment Framework incorporates ESG aspects into its investment strategies, policies, decision-making and related processes. The policy applies to all proprietary assets of the Group and follows defined criteria for investments in line with the Group's values and internationally recognized standards, such as the United Nations Global Compact. The policy mandates its Responsible Investment committee to assess whether a client is in violation of the criteria, which include: i) human rights; ii) labour rights; iii) environment; iv) bribery and corruption; and v) governance. NN Group's Investment Guidance Paper on the Environment supports framework by providing internal guidance to asset managers.<sup>40, 41</sup>

<sup>28</sup> NN Group, "Climate Action Plan", (2023), at: [https://www.nn-group.com/article-display-on-page-no-index/nn-group\\_climate-action-plan-2023-update.htm](https://www.nn-group.com/article-display-on-page-no-index/nn-group_climate-action-plan-2023-update.htm)

<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

<sup>31</sup> NN Group, "Facts and Figures", at: <https://www.nn-group.com/sustainability/facts-figures.htm>

<sup>32</sup> VBDO is a Dutch Association which benchmarks companies as per their performance in sustainable investment.

<sup>33</sup> NN Group, "Facts and Figures", at: <https://www.nn-group.com/sustainability/facts-figures.htm>

<sup>34</sup> NN Group, "Carbon footprint and net-zero commitment", at: <https://www.nn-group.com/sustainability/responsible-investment/carbon-footprint-and-net-zero-commitment.htm>

<sup>35</sup> NN Group, "Climate Action Plan", (2023), at: [https://www.nn-group.com/article-display-on-page-no-index/nn-group\\_climate-action-plan-2023-update.htm](https://www.nn-group.com/article-display-on-page-no-index/nn-group_climate-action-plan-2023-update.htm)

<sup>36</sup> NN Group, "Supporter of change – NN Group N.V. Annual Report 2022", (2023), at: <https://www.nn-group.com/article-display-on-page-no-index/nn-group-annual-report-2022.htm>

<sup>37</sup> NN Group, "Carbon footprint and net-zero commitment", at: <https://www.nn-group.com/sustainability/responsible-investment/carbon-footprint-and-net-zero-commitment.htm>

<sup>38</sup> NN Group, "Oil and Gas Policy for Proprietary Assets", (2023), at: <https://www.nn-group.com/article-display-on-page-no-index/nn-group-oil-and-gas-policy-for-proprietary-assets.htm>

<sup>39</sup> NN Group, "Responsible Investment Framework Policy", (2023), at: <https://www.nn-group.com/article-display-on-page-no-index/responsible-investment-framework-policy.htm>

<sup>40</sup> Ibid.

<sup>41</sup> NN Group, "Investment Guidance paper on the Environment", at: <https://www.nn-group.com/sustainability/responsible-investment.htm>



- Projects funded by the Group that may pose a risk to the environment must comply with the EU Environment Impact Assessment (EIA) Directive 2014/52/EU,<sup>42</sup> which requires projects that are likely to have significant impacts on the environment to be adequately assessed before approval, and that measures must be taken to “avoid, prevent, reduce and if possible, offset significant adverse effects on the environment, in particular on species and habitats”.<sup>43</sup>
- Several countries in Europe are classified as Designated Countries under the Equator Principles,<sup>44</sup> indicating the presence of robust environment and social governance systems, legislation and institutional capacity for protecting the environment and communities. Regarding environmental risks for construction projects in the Netherlands, Dutch legislation on soil protection, water abstraction, noise and vibration abatement, nature conservation and heritage applies.<sup>45</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that NN Group has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

All three use of proceeds categories are aligned with those recognized by the GBP, SBP and SBG. Sustainalytics has focused on where the impact is specifically relevant in the local context.

#### Importance of green buildings in the Netherlands and the EU

Total GHG emissions in the EU decreased by 24% between 1990 and 2019, exceeding the target of 20% reduction by 2020.<sup>46</sup> Bucking this trend will require additional measures for the EU to meet the 2030 target of reducing emissions by at least 55% below 1990.<sup>47</sup> Buildings are responsible for almost 40% of the energy consumption and 36% of CO<sub>2</sub> emissions in the EU.<sup>48</sup> Approximately 35% of buildings in the EU are more than 50 years old, 75% are energy inefficient,<sup>49</sup> 85% were built before 2001 and up to 95% of them will still be standing in 2050.<sup>50</sup> To achieve the 2030 target, GHG emissions from the EU’s building stock need to reduce by 60%, final energy consumption by 14% and energy consumption for heating and cooling by 18%, compared to 2015 levels.<sup>51</sup> Renovation and retrofitting have the potential to reduce the EU’s total energy consumption by an estimated 5-6% and lower GHG emissions in the bloc by up to 5%.<sup>52</sup> Nevertheless, the current renovation speed must triple from 1% to 3% annually to achieve a low-carbon building stock.<sup>53,54</sup> In this sense, the European Commission’s Renovation Wave strategy aims to double annual energy renovation rates by 2030 from the current weighted average annual renovation rate of 1%.<sup>55</sup> In line with these commitments, the 2023 update of the Energy Performance of Buildings Directive introduces enhanced standards for the energy efficiency of buildings with the aim of contributing to reducing emissions by 60% from buildings by 2030 compared to 2015 and achieving climate neutrality by 2050.<sup>56</sup>

In the Netherlands, the government has laid out a multi-sectoral approach to reducing GHG emissions, which is intended to be aligned with the EU’s overall climate strategy.<sup>57</sup> The 2019 Dutch Climate Act guides the

<sup>42</sup> EU, “Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment”, (2014), at: <https://eurlex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

<sup>43</sup> EUR-Lex, “Directive 2014/52/EU”, (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

<sup>44</sup> Equator Principles, “Designated Countries”, (2019), at: 27 October 2021

<sup>45</sup> Lexology, “Construction in the Netherlands”, at: <https://www.lexology.com/library/detail.aspx?q=b603b073-a0c0-4e45-932e-fce5bb9e42ff>

<sup>46</sup> European Environment Agency, “Total greenhouse gas emission trends and projections in Europe”, available at: <https://www.eea.europa.eu/data-and-maps/indicators/greenhouse-gas-emission-trends-7/assessment>

<sup>47</sup> Climate Action Tracker, “EU”, available at: <https://climateactiontracker.org/countries/eu/>

<sup>48</sup> European Commission, “In focus: Energy efficiency in buildings”, (2020), at: [https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-feb-17\\_en](https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-feb-17_en)

<sup>49</sup> European Commission, “New Rules for Greener and Smarter Buildings will increase quality of life for all Europeans” at:

[https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15\\_en](https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15_en)

<sup>50</sup> European Commission, “A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives”, at:

[https://eurlex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC\\_1&format=PDF](https://eurlex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF)

<sup>51</sup> European Commission, “A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives”, at:

[https://eurlex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC\\_1&format=PDF](https://eurlex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF)

<sup>52</sup> European Commission, “New Rules for Greener and Smarter Buildings will increase quality of life for all Europeans” at:

[https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15\\_en](https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15_en)

<sup>53</sup> European Commission, “New Rules for Greener and Smarter Buildings will increase quality of life for all Europeans” at:

[https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15\\_en](https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15_en)

<sup>54</sup> European Commission, “Comprehensive study of building energy renovation activities and the uptake of nearly zero-energy buildings in the EU”, (2019), at: [https://ec.europa.eu/energy/sites/ener/files/documents/1\\_final\\_report.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/1_final_report.pdf)

<sup>55</sup> European Commission, “Renovation Wave”, at: [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/renovation-wave\\_en](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/renovation-wave_en)

<sup>56</sup> European Commission, “Revised Energy Performance of Buildings Directive”, at: [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive\\_en](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en)

<sup>57</sup> Government of the Netherlands, “Dutch goals within the EU”, at: <https://www.government.nl/topics/climate-change/eu-policy>

government’s efforts to reduce GHG emissions by 49% by 2030 and 95% by 2050, compared to 1990 levels.<sup>58</sup> The construction and housing sector is responsible for approximately 13% of the GHG emissions in the Netherlands.<sup>59</sup> A key initiative to address the sector’s emissions is the requirement that all homes, commercial buildings and public buildings receive EPCs when they are built, sold or rented.<sup>60</sup> The government intends to gradually make EPC requirements to obtain building permits more stringent, in order to ensure that new buildings are more efficient. Since 2021, all new buildings in the Netherlands have to comply with the more recent BENG system, which is the Dutch implementation of NZEB.<sup>61</sup> The BENG system is based on primary annual fossil energy consumption (in kWh/m<sup>2</sup>) rather than the previous approach, which was based on the energy index of a property.<sup>62</sup> The Dutch government expects to enhance the energy efficiency of 1.5 million homes by 2030 and reduce average GHG emissions from the sector from 21.6 MtCO<sub>2e</sub> in 2020 to 19 MtCO<sub>2e</sub> by 2030.<sup>63,64</sup>

Considering this context, Sustainalytics is of the opinion that the proceeds raised under this Framework will support in the overall efforts to reducing GHG emissions from the built environment in the Netherlands and more broadly in the EU.

**Contribution to SDGs**

The Sustainable Development Goals were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by 2030. The instruments issued under the NN Group Sustainability Bond Framework are expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency.
	9. Industry, Innovation, and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Affordable Housing	11 Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

<sup>58</sup> PBL Netherlands Environmental Assessment Agency, “Climate and Energy Outlook 2021”, (2021), at: [https://www.pbl.nl/sites/default/files/downloads/pbl-2021-netherlands-climate-and-energy-outlook\\_2021-summary-4709.pdf](https://www.pbl.nl/sites/default/files/downloads/pbl-2021-netherlands-climate-and-energy-outlook_2021-summary-4709.pdf)

<sup>59</sup> Ibid.

<sup>60</sup> Government of the Netherlands, “Mandatory EPCs for buildings”, at: <https://www.government.nl/topics/energy-performance-certificates-for-homes-and-buildings/mandatory-epcs-for-buildings>

<sup>61</sup> BENG (Bijna Energieneutrale Gebouwen) is the Dutch standard that implements nearly zero-energy building requirements in the Netherlands.

<sup>62</sup> Government of the Netherlands, “Energieprestatie – BENG”, at: <https://www.rvo.nl/onderwerpen/duurzaam-ondernemen/gebouwen/wetten-en-regels-gebouwen/nieuwbouw/energieprestatie-beng>

<sup>63</sup> Government of the Netherlands, “Measures to reduce greenhouse gas emissions”, at: <https://www.government.nl/topics/climate-change/national-measures>

<sup>64</sup> PBL Netherlands Environmental Assessment Agency, “Climate and Energy Outlook 2021”, (2021), at: [https://www.pbl.nl/sites/default/files/downloads/pbl-2021-netherlands-climate-and-energy-outlook\\_2021-summary-4709.pdf](https://www.pbl.nl/sites/default/files/downloads/pbl-2021-netherlands-climate-and-energy-outlook_2021-summary-4709.pdf)

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## Conclusion

NN Group has developed the NN Group Sustainability Bond Framework under which it will issue green, social and sustainability bonds and use the proceeds to finance or refinance projects in the Green Buildings, Renewable Energy and Affordable Housing categories. Sustainalytics considers that the eligible projects are expected to provide positive environmental and social impacts.

The NN Group Sustainability Bond Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers the NN Group Sustainability Bond Framework to be aligned with the overall sustainability strategy of the Group and that the use of proceeds are expected to contribute to the advancement of the UN Sustainable Development Goals 7, 9 and 11. Additionally, Sustainalytics is of the opinion that NN Group has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Sustainalytics has assessed the NN Group Sustainability Bond Framework for alignment with the EU Taxonomy's criteria for Substantial Contribution (SC) to its environmental objectives, Do No Significant Harm (DNSH) and Minimum Safeguards. For more details, please see Section 1 and Appendix 1.

Based on the above, Sustainalytics is confident that NN Group is well positioned to issue green, social and sustainability bonds, and that the NN Group Sustainability Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2023.

# Appendices

## Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant activity in the EU Taxonomy. This appendix describes Sustainalytics’ process and presents the outcome of its assessment of alignment with the Taxonomy’s applicable technical screening criteria for substantial contribution (SC) to an environmental objective of the EU Taxonomy and the applicable “do no significant harm” (DNSH) criteria. Sustainalytics’ assessment involves two steps:

### 1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics’ assessment process involves mapping each criterion in the Framework to a relevant and applicable activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one activity in the EU Taxonomy and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a specific activity in the EU Taxonomy. In such cases, Sustainalytics has mapped to the activity that is most relevant with respect to the primary environmental objective established in the EU Taxonomy.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, as some activities are not yet covered by the EU Taxonomy. In other cases, some categories which are traditionally included in green bonds may not be associated with a specific EU Taxonomy activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

Table 2 below displays the outcome of Sustainalytics’ mapping process for this report.

### 2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics’ process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the SC criteria and the DNSH criteria is usually based on the specific criteria contained in the issuer’s Framework, and may in many cases (especially DNSH criteria) also be based on management systems and processes or regulatory compliance. To assess alignment with the EU Taxonomy’s Minimum Safeguards Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds criteria, including the regulatory context in the geographical location of activities and projects. (See Section 1, above.)

Sustainalytics’ detailed assessment of alignment is provided in Appendix 2.

**Table 2: Framework mapping table**

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU Taxonomy Activity	Corresponding NACE Code	Environmental Objective	Refer to Table
Green Buildings	Residential Green Buildings: <ul style="list-style-type: none"> <li>Building built before 31 December 2020 with at least an Energy Performance Certificate (EPC) class A</li> <li>Buildings built before 31 December 2020 belonging to the top 15% of the Dutch building stock based on Primary Energy Demand (PED)</li> <li>Buildings built after 31 December 2020 with a Primary Energy Demand at least 10% lower than the threshold for Nearly Zero-Energy Buildings (“NZEB”) in the Dutch market</li> </ul>	7.7. Acquisition and ownership of buildings	L68	Mitigation	Table 3

	<p>Commercial Green Buildings:</p> <ul style="list-style-type: none"> <li>• Building built before 31 December 2020 with at least an Energy Performance Certificate (EPC) class A</li> <li>• Buildings built before 31 December 2020 belonging to the top 15% of the national building stock based on Primary Energy Demand (PED)</li> <li>• Buildings built after 31 December 2020 with a Primary Energy Demand at least 10% lower than the threshold for Nearly Zero-Energy Buildings (“NZEB”)</li> </ul>				
	<p>Residential Green Buildings:</p> <ul style="list-style-type: none"> <li>• Buildings that have been renovated, resulting in a reduction of Primary Energy Demand of at least 30%</li> <li>• Buildings that have been renovated meeting the criteria for major renovation</li> </ul>	7.2. Renovation of existing buildings	F41, F43	Mitigation	Table 4
Renewable Energy	The construction, development, acquisition, maintenance, and operation of: Electricity generation facilities that produce electricity from wind power	4.3. Electricity generation from wind power	D35.11 and F42.22	Mitigation	Table 5
	The construction, development, acquisition, maintenance, and operation of: Electricity generation facilities that produce electricity using solar photovoltaic (PV) technology	4.1. Electricity generation using solar photovoltaic technology		Mitigation	Table 6
	The construction, development, acquisition, maintenance, and operation of: Construction or operation of electricity generation facilities that produce electricity using concentrated solar power (CSP) technology	4.2. Electricity generation using concentrated solar power (CSP) technology		Mitigation	Table 7

## Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of the Framework criteria with the technical screening criteria for substantial contribution to an environmental objective and the DNSH for each relevant EU Taxonomy activity.

Table 3

<b>Framework Activity assessed</b>	Financing acquisition of residential and commercial buildings.	
<b>EU Taxonomy Activity</b>	7.7. Acquisition and ownership of buildings	
<b>Corresponding NACE Code</b>	L68	
<b>SC Criteria</b>	<b>Alignment</b>	
Climate Change Mitigation	<ol style="list-style-type: none"> <li>1. The Framework includes financing of residential and commercial buildings built before 31 December 2020 with an energy performance certificate (EPC) class A or buildings which belong to the top 15% of the national or regional building stock expressed as operational primary energy demand (PED)</li> <li>2. NN group confirmed to Sustainalytics that the financing of green buildings built after 31 December 2020 will be limited to residential green buildings in the Netherlands, and NN Group confirms compliance to the following criteria as specified in Section 7.1 of the Climate Delegated Act: <ol style="list-style-type: none"> <li>a. NN Group confirms financing of residential green buildings built after 31 December 2020, with the PED at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council.</li> <li>b. NN Group has confirmed that for buildings larger than 5000 m<sup>2</sup>, testing for airtightness and thermal integrity is in place, and any deviation in the levels of performance set at the design stage or defects in the building envelope is disclosed to investors and clients. Alternatively, there are robust and traceable quality control processes in place during the construction process as an alternative to thermal integrity testing.</li> <li>c. NN Group confirms that for buildings larger than 5000 m<sup>2</sup>, the life cycle Global Warming Potential (GWP) of the building resulting from the construction is calculated for each stage in the life cycle and is disclosed to investors and clients on demand.</li> </ol> </li> <li>3. For financing of large non-residential buildings with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW, NN Group has confirmed that the buildings will have an energy performance monitoring and assessment systems in place, in accordance with the national regulations of the respective countries where the buildings will be located within the EU region.</li> </ol> <p>Based on the above Sustainalytics assess the activity as aligned.</p>	Aligned
<b>DNSH Criteria</b>	<b>Alignment</b>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 8	

Table 4

<b>Framework Activity assessed</b>	Financing renovation of residential green buildings.	
<b>EU Taxonomy Activity</b>	7.2. Renovation of existing buildings	
<b>Corresponding NACE Code</b>	F41, F43	
<b>SC Criteria</b>	<b>Alignment</b>	
Climate Change Mitigation	<p>NN Group confirms that the renovation will be limited to residential buildings in Netherlands which will comply with the applicable requirements for major renovations and alternately refurbishment of buildings that lead to a reduction of PED of at least 30%.</p> <p>The eligibility criteria defined in the Framework is aligned with the criteria under the EU Taxonomy.</p>	Aligned
<b>DNSH Criteria</b>	<b>Alignment</b>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 8	
Sustainable use and protection of water and marine resources	The criteria are not applicable as financing of renovation activities is limited to only residential buildings under the Framework.	Not Applicable
Transition to a circular economy	<p>NN Group confirms compliance with the objectives of the EU Directive 2008/98/EC<sup>65</sup> which outlines that by 2020, at least 70% by weight of non-hazardous construction and demolition (C&amp;D) waste, excluding naturally occurring material defined in category 17 05 04 in the list of waste, will be prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials.</p> <p>Netherlands' Building Decree<sup>66</sup> also outlines guidelines for separation of the construction and demolition of waste generated during the execution stage along with requirements regarding the storage and removal of the C&amp;D waste to and from the construction and demolition site.</p> <p>Additionally, the Dutch Building Decree has intensified the target to maintain at least 95% of the proportion of building and demolition waste prepared for re-use and recycling, in accordance with the objectives of Netherlands' third National Waste Management Plan ("LAP3").<sup>67</sup></p> <p>In terms of circularity, Netherlands mandates construction companies to assess the environmental performance of buildings when applying for a permit to construct new buildings, including residential ones. This is determined through an indicator, the environmental performance of buildings (Milieu Prestatie Gebouwen - MPG) that indicates the environmental impact of the materials/products used during the construction of buildings. MPG is a mandate to determine the environmental performance requirements for new homes and office buildings. The maximum limit value of 1.0 applies to MPG, which has been revised for new homes from 1.0 to 0.8 in 2021, and further targets to halve it by 2030 at the latest. Further, Netherlands plans to make the environmental performance requirement more stringent for new homes and new</p>	Aligned

<sup>65</sup> European Union, "Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives", at: <https://eur-lex.europa.eu/eli/dir/2008/98/oj/eng>

<sup>66</sup> European Commission, "Decree laying down the regulations for building, using and demolishing constructions (2012 Building Decree)", at: <https://technical-regulation-information-system.ec.europa.eu/en/notification/7312>

<sup>67</sup> Ministry of Infrastructure and Water Management, "National Waste Management Plan", at: <https://lap3.nl/publish/pages/181680/lap3-a3-objectives-19-07-2019-eng-def.pdf>

	<p>offices as of January 2025. The MPG is calculated through a life cycle analysis (LCA) conducted by a qualified expert. The LCA results in 11 indicators for the environmental impact of a material/product used in the construction activity, which will be updated to 19 indicators in January 2025.</p> <p>Furthermore, the Netherlands is committed to promoting transition to a circular economy by 2050. This is complimented by the 2030 target to use 50% less primary abiotic resources including minerals, metals and fossil carbon resources by 2030.<sup>68</sup></p> <p>Sustainalytics notes that the activity limited to residential buildings in Netherlands. Further, NN Group is able to confirm its compliance to the criteria for circular economy based on its adherence to the EU Directive on waste and Netherland's waste management plans and targets for construction and demolition waste. Hence, Sustainalytics notes that this expenditure is assessed aligned with the criterion.</p>	
<p>Pollution prevention and control</p>	<p>NN Group has communicated that the building components and materials used in the construction complies with the criteria set out in Appendix C to the Climate Delegated Act.</p> <p>Further, the projects financed under the renovation activities is limited to the Netherlands, the activities are expected to comply with relevant EU laws and Directives including:</p> <ul style="list-style-type: none"> <li>i) EU Regulation 2019/1021 on Persistent Organic Pollutants (June 2019);</li> <li>ii) EU Directive on Environmental Impact Assessment in accordance with Directive 2011/92/EU;</li> <li>iii) EU Regulation 2017/852 on Mercury, and repealing Regulation (EC) No 1102/2008;</li> <li>iv) EU Regulation 1005/2009 (Sept 2009) on Substances that Deplete the Ozone Layer;</li> <li>v) EU Directive 2017/2102 (Nov 2017) amending Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment;</li> <li>vi) EU Regulation 1907/2006 (Dec 2006) concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation 793/93 and Commission Regulation 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC.</li> </ul> <p>Netherland's Building Decree stipulates a limit on the concentration of formaldehyde which allows maximum of formaldehyde 0.12 mg/m<sup>3</sup>.</p> <p>With regards to reduction of noise, dust and pollutant emissions, the Dutch Building Decree provides guidelines for management of noise (Article 8.4), undesirable vibrations (Article 8.4a), dust pollution (Article 8.5) resulting during the construction and demolition activities.<sup>69</sup> The Building Decree specifies the daily permissible limits for exposure to noise, along with utilizing available techniques to reduce noise generation. The adherence to these regulations ensures that construction activities meet the required standards for noise and vibrations in accordance with the Building Decree. Additionally, the manufacturing, import, or trade of products containing mercury is strictly prohibited in the Netherlands.<sup>70</sup></p>	<p>Partially Aligned</p>

<sup>68</sup> Government of the Netherlands, "Circular Dutch economy by 2050", at: <https://www.government.nl/topics/circular-economy/circular-dutch-economy-by-2050>

<sup>69</sup> European Commission, "Decree laying down the regulations for building, using and demolishing constructions (2012 Building Decree)", at: <https://technical-regulation-information-system.ec.europa.eu/en/notification/7312>

<sup>70</sup> Government of the Netherlands, "Environmental Risk Management", at: [Environmental Risk Management | Environment | Government.nl](https://www.government.nl/topics/environmental-risk-management/environmental-risk-management)



	Sustainalytics notes that NN Group confirms compliance with the Dutch Building Decree which stipulates a threshold of 0.12 mg/m <sup>3</sup> of formaldehyde per m <sup>3</sup> of material and component whereas the EU Taxonomy's DNSH criteria for renovation of buildings stipulates a threshold of less than 0.06 mg/m <sup>3</sup> . Therefore, Sustainalytics considers the activity to be partially aligned with the EU Taxonomy criteria.	
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Table 5

<b>Framework Activity assessed</b>	Electricity generation facilities that produce electricity from wind power <sup>71</sup>	
<b>EU Taxonomy Activity</b>	4.3. Electricity generation from wind power	
<b>Corresponding NACE Code</b>	D35.11 and F42.22	
<b>SC Criteria</b>	<b>Alignment</b>	
Climate Change Mitigation	Eligible by default.	Aligned
<b>DNSH Criteria</b>	<b>Alignment</b>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 8.	Aligned
Sustainable use and protection of water and marine resources	<p>NN Group relies on regulatory regimes in the countries in which projects are located. The Group has confirmed to Sustainalytics that the wind power projects to be financed under the Framework will be located in the EU and the UK.</p> <p>NN Group conducts a due diligence process, including both public and private information from its clients to which financing is provided, to ensure appropriate assessments have been carried out. Furthermore, all offshore wind projects are subject to appropriate environmental permitting which requires environmental assessments. Additionally, NN Group applies the Equator Principles to all its financed projects.</p> <p>Furthermore, NN Group has communicated that, in 2008, the EU adopted the Marine Strategy Framework Directive (2008/56/EC), which requires member states to draw up marine strategies (management plans) to achieve good environmental status in their marine areas. The overall criteria for assessing good environmental status are determined by the EU, and these criteria are adapted and further refined through work done under the regional marine conventions and at national level. The strategies are to include an assessment of the state of the environment and a description of environmental targets, monitoring programmes and measures to achieve or maintain good environmental status. For all member states of the EU, the Marine Strategy Framework Directive (2008/56/EC) can be assumed to be transposed into national regulation.<sup>72</sup> Sustainalytics notes the national transposition of the transposition of the Marine Strategy Framework Directive in the UK through national directives and regulations.<sup>73, 74, 75</sup></p>	Aligned

<sup>71</sup> The wind power projects to be financed under the Framework are located in the EU (Belgium, Germany, France, Ireland, Italy, the Netherlands, Portugal and the UK).

<sup>72</sup> European Commission, "National transposition of Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive)", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX:32008L0056>

<sup>73</sup> HM government of Gibraltar, "Marine Strategy Framework Directive: Updated Monitoring Programme for BGTW", at: <https://www.gibraltar.gov.gi/environment/marine-strategy>

<sup>74</sup> Government of the United Kingdom, "The Marine Strategy Regulations 2010", at: <https://www.legislation.gov.uk/ukxi/2010/1627/contents/made>

<sup>75</sup> Government of Gibraltar, "Marine Strategy Regulations 2011", at: [https://www.gibraltarlaws.gov.gi/uploads/legislations/environment/2011s013/2011s013\(26-09-19\).pdf](https://www.gibraltarlaws.gov.gi/uploads/legislations/environment/2011s013/2011s013(26-09-19).pdf)

	Based on the above Sustainalytics considers the activity to be aligned.	
Transition to a Circular Economy	<p>NN Group relies on robust regulatory regimes in the countries in which projects are located. NN Group has confirmed to Sustainalytics that the wind power projects to be financed under the Framework will be located in the EU and the UK.</p> <p>NN Group has communicated to Sustainalytics that it conducts a due diligence process, including both public and private information from its clients to which financing is provided, to ensure appropriate assessments have been carried out.</p> <p>NN Group has further confirmed that it complies with the Ecodesign Directive 2009/125/EC and the Group adheres to the national legislations in the countries where they are active. Sustainalytics notes the national transposition of the Directive 2009/125/EC in the EU members states. In the UK the directive has been adopted into The Ecodesign for Energy-Related Products Regulations 2010.<sup>76</sup></p> <p>Based on the above, Sustainalytics considers the activity to be aligned.</p>	Aligned
Protection and restoration of biodiversity and ecosystems	<p>Refer to the assessment set out in Appendix 3, Table 9.</p> <p>NN Group has confirmed to Sustainalytics that the wind power projects to be financed under the Framework will be located in the EU and the UK. Further, NN Group has communicated to Sustainalytics that it conducts business in a manner that is environmentally and socially responsible. In its investment due diligence process NN Group encourages its asset managers to take into account relevant standards and principles related to environment and biodiversity, based on the Group's 'Investment Guidance paper on the Environment'.<sup>77</sup></p> <p>In addition, in the EU and the UK where NN Group's projects for eligible assets are located the legislation requires that EIAs are carried out as a prerequisite to the planning and permitting process. Prior to making an investment in any offshore wind farm, detailed environmental due diligence is carried out, including an independent review of the EIA by the lenders' technical adviser and to ensure alignment with regulation. This is considered to be particularly important for large-scale offshore wind projects which are often located in or near high conservation value areas. Additionally, NN Group applies the Equator Principles to all its financed projects.</p> <p>Also, NN Group conducts its own due diligence process, including both public and private information from its clients to which financing is provided, to ensure appropriate assessments have been carried out.</p> <p>Furthermore, in 2008, the EU adopted the Marine Strategy Framework Directive (2008/56/EC), which requires member states to draw up marine strategies (management plans) to achieve good environmental status in their marine areas. The overall criteria for assessing good environmental status are determined by the EU, and these criteria are adapted and further refined through work done under the regional marine conventions and at national level. The strategies are to include an assessment of the state of the environment and a description of environmental targets, monitoring programmes and measures to achieve or maintain good environmental status. For all member states of the European</p>	Aligned

<sup>76</sup> European Commission, "National transposition of Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX:32009L0125>

<sup>77</sup> NN Group, "Responsible investment - Investment Guidance paper on the Environment", at: <https://www.nn-group.com/sustainability/responsible-investment.htm>

	<p>Union, and the UK, the Marine Strategy Framework Directive (2008/56/EC) can be assumed to be transposed into national regulation.<sup>78</sup></p> <p>Based on the above Sustainalytics assess the activity as aligned.</p>	
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Table 6

<b>Framework Activity assessed</b>	Electricity generation facilities that produce electricity using solar photovoltaic (PV) technology	
<b>EU Taxonomy Activity</b>	4.1. Electricity generation using solar photovoltaic technology	
<b>Corresponding NACE Code</b>	D35.11 and F42.22	
<b>SC Criteria</b>	<b>Alignment</b>	
Climate Change Mitigation	Eligible by default.	Aligned
<b>DNSH Criteria</b>	<b>Alignment</b>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 8.	Aligned
Transition to a Circular Economy	<p>NN Group has confirmed to Sustainalytics that the solar photovoltaic projects to be financed under the Framework will be located in the EU.</p> <p>NN Group has communicated to Sustainalytics that it relies on inspection and certification processes employed by its corporate clients. NN Group gathers evidence during due diligence regarding certifications and sourcing, including information and project commitments provided privately, as well as from publicly available information.</p> <p>NN Group has further confirmed that it complies with the Ecodesign Directive 2009/125/EC and the Group adheres to the national legislations in the countries where they are active. Sustainalytics notes the national transposition of the Directive 2009/125/EC in the EU members states. In the UK the directive has been adopted into The Ecodesign for Energy-Related Products Regulations 2010.<sup>79</sup></p> <p>Based on the above Sustainalytics assess the activity as aligned.</p>	Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 9.	Aligned

<sup>78</sup> European Commission, "National transposition of Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive)", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX:32008L0056>

<sup>79</sup> European Commission, "National transposition of Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX:32009L0125>

Table 7

<b>Framework Activity assessed</b>	Construction or operation of electricity generation facilities that produce electricity using concentrated solar power (CSP) technology	
<b>EU Taxonomy Activity</b>	4.2. Electricity generation using concentrated solar power (CSP) technology	
<b>Corresponding NACE Code</b>	D35.11 and F42.22	
<b>SC Criteria</b>	<b>Alignment</b>	
Climate Change Mitigation	Eligible by default.	Aligned
<b>DNSH Criteria</b>	<b>Alignment</b>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 8.	Aligned
Sustainable use and protection of water and marine resources	Refer to the assessment set out in Appendix 3, Table 10.	Aligned
Transition to a Circular Economy	<p>NN Group has confirmed to Sustainalytics that the CSP projects to be financed under the Framework will be located in the EU.</p> <p>NN Group has communicated to Sustainalytics that it relies on inspection and certification processes employed by its corporate clients. NN Group gathers evidence during due diligence regarding certifications and sourcing, including information and project commitments provided privately, as well as from publicly available information.</p> <p>NN Group has further confirmed that it complies with the Ecodesign Directive 2009/125/EC and the Group adheres to the national legislations in the countries where they are active. Sustainalytics notes the national transposition of the Directive 2009/125/EC in the EU members states and in the UK the directive has been adopted into The Ecodesign for Energy-Related Products Regulations 2010<sup>80</sup></p> <p>Based on the above Sustainalytics assess the activity as aligned.</p>	Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 9.	Aligned

<sup>80</sup> European Commission, "National transposition of Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX:32009L0125>

## Appendix 3: Criteria for “Do No Significant Harm” (DNSH) to Climate Change Adaptation, Protection and Restoration of Biodiversity and Ecosystems and Sustainable Use and Protection of Water and Marine Resources

Table 8

Criteria for DNSH to Climate Change Adaptation	
<b>Alignment</b>	
<p>NN Group evaluates climate change-related risks as part of the strategy resilience, stress tests and scenario analyses. NN Group carries out analysis at a portfolio level to assess potential climate risks and opportunities, and to inform the content and implementation of a broader climate change strategy. NN Group reports on climate related disclosures and risks and opportunities analysis with the recommendations of Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD). The Group has conducted a climate related scenario analysis for its proprietary investment portfolio, which measures the carbon intensity of proprietary investments, gives insights into the highest carbon risk exposure and is useful for, amongst other things, engagement purposes.<sup>81,82</sup></p> <p>In 2022, the Group conducted the carbon footprint measurement for 80% of its asset portfolio on its balance sheet, which included government bonds (approximate 33% of total balance sheet assets), residential mortgages (39%), corporate investments (20%), real estate (8%).<sup>83</sup></p> <p>Regarding the assessment of the transitional and physical climate change risks related to its business activities, NN Group considers the industry and country-specific characteristics of an asset item or insurance product, while also taking into account the materiality of and time horizons over which such risks may impact the business activities as it depends on the characteristics of the specific type of business (life insurance, non-life insurance and banking) and asset portfolio. Further, NN Group notes that it’s investment and underwriting strategies for life and health insurance liabilities clearly need to consider the impact of climate change over a period well beyond the next five years. For example, the physical vulnerability of a (type of) asset to climate change-related weather events depends on the industry and part of the world in which it is used. Equally, the transitional vulnerability of a commercial insurance product to contribute to a net-zero economy depends on the industry sector in which the insured company operates and the regulatory environment of the country where it is domiciled.<sup>84</sup></p> <p>In 2019, NN Group analysed the impact of flooding and heavy precipitation on its Dutch residential mortgage portfolio and extended the analysis to cover the impact of the non-life underwriting book and drought on its portfolio in 2021. The analysis was based on the Dutch national datasets relevant to the climate risks identified, including using datasets from Klimaateffectatlas and global datasets such as IPCC as baseline to build scenario assessment. The findings of this assessment provided insights into areas of NN Group’s portfolios that may face an elevated risk of flooding or pole rot by 2050.<sup>85</sup></p> <p>Furthermore, NN Group notes that while investing in infrastructure project loans, the Group’s asset manager actively monitors and manages ESG issues that may arise during the life of the investment. The investment team maintains frequent communications with all the major project parties and stakeholders to ensure the borrower/issuer maintains compliance with its legal and environmental obligations under the finance documentation, including any ESG and sustainability-related information covenants. In addition, the asset manager takes an active approach to engagement with respect to any waivers, amendments or other corporate actions during the life of each asset to ensure that ESG and other sustainability-related issues have been thoroughly considered and sufficiently well addressed as part of the solution. In commercial real estate equity, the Group encourages its managers and operating partners to develop an asset mitigation plan to increase each asset’s resilience to climate hazards. To make the buildings more resilient, a variety of measures can be considered. For instance, to reduce water stress due to drought, measures could include using drought-tolerant plants in the landscaping, encouraging tenants to use water more efficiently, or installing water metering. For buildings that are susceptible to flooding, measures could include, for instance, monitoring drainage systems’ ability to cope, or</p>	<p>Aligned</p>

<sup>81</sup> NN Group, “Annual Report”, (2022), at: <https://www.nn-group.com/article-display-on-page-no-index/nn-group-annual-report-2022.htm>

<sup>82</sup> NN Group N.V., “Analysis of carbon footprint of proprietary assets”, (2020), at: <https://www.nn-group.com/article-display-on-page-no-index/carbon-footprint-report-2020.htm>

<sup>83</sup> Ibid.

<sup>84</sup> NN Group, “Annual Report”, (2022), at: <https://www.nn-group.com/article-display-on-page-no-index/nn-group-annual-report-2022.htm>

<sup>85</sup> NN Group, “Annual Report”, (2021), at: <https://www.nn-group.com/article-display-on-page-no-index/nn-group-annual-report-2021.htm>

<p>relocating any water sensitive plant and equipment above ground level. Measures to tackle the problem of heat stress could include carrying out regular inspections of façade materials to confirm that premature degradation does not occur or installing back-up generators in case of power failures.</p> <p>Moreover, NN Group's environmentally focused exclusion criteria include sand production and thermal coal mining, arctic oil and shale energy. This involves group-wide exclusionary criteria, for companies that are involved in oil sands extraction that derive more than 5% of its revenues thereof, and for companies involved in shale oil and gas that derive more than 30% of their revenues from shale energy. Furthermore, companies that derive 5% to 30% of their revenue from shale energy, with credible transition plan are considered for new investments.<sup>86</sup> Additionally, the Group's approach regarding conventional oil and gas establishes guidelines for further restricting investments with respect new corporate investments, new infrastructure investments and existing investments and agreements.<sup>87</sup> Also, for the Group's proprietary investment portfolio, it has additionally implemented a policy to phase out thermal coal-exposed investments by 2030, in line with the Paris Agreement Targets. NN Group is developing a strategy for transitioning our proprietary investment portfolio towards net zero greenhouse gas emissions by 2050. The strategy has two dimensions: decarbonization and increasing investment in climate solutions.<sup>88</sup> NN Group commits to adhering with sectoral, regional and/or national adaptation efforts, on a best effort basis, such as national law, directives and plans.</p> <p>For the green buildings specifically, NN Group relies on laws and regulations regarding water management in Netherlands. As per the Water Act and Spatial Planning Act, a water test ("Watertoets") needs to be performed, which is an instrument that takes into account water (risk) aspects in the special planning in Netherlands. The water test is an assessment that governments must make before they can grant permission to subdivide lands into lots for further development. It is a process that brings the initiator of a spatial plan and the water manager into dialogue at the earliest possible stage, which helps mitigate the physical climate risks related to floods.</p> <p>Sustainalytics also notes that NN Group may not have direct control of the asset and management discretion to implement adaptation solutions to reduce identified climate risks for all the selected assets under the Framework. Based on the measures and processes in place to address the climate change adaptation requirements, Sustainalytics assess the activity as aligned.</p>	
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Table 9

Criteria for the Protection and Restoration of Biodiversity and Ecosystems	
<i>Alignment</i>	
<p><u>The EU and the UK:</u></p> <p>For debt investments in infrastructure projects, the NN group has incorporated voluntary guidelines<sup>89</sup> to help financial institutions address the environmental and social risks associated with project finance in their regular transaction review and approval process.</p> <p>NN Group has communicated to Sustainalytics that considering all eligible projects are located in the EU and the UK, it relies on robust laws and regulations to ensure an EIA has been conducted for these types of infrastructure projects (e.g. Directive 2011/92/EU). The project sponsors are responsible for conducting the requisite EIA and implementing all the required mitigation and compensation measures as part of the planning process, including any requisite licenses, permits and approvals, prior to the commencement of construction and operation of the project.</p>	<p>Aligned</p>

<sup>86</sup> NN Group, "Oil and Gas Policy for Proprietary Assets", at: <https://www.nn-group.com/article-display-on-page-no-index/nn-group-oil-and-gas-policy-for-proprietary-assets.htm>

<sup>87</sup> Ibid.

<sup>88</sup> NN Group, "Annual Report", (2022), at: <https://www.nn-group.com/article-display-on-page-no-index/nn-group-annual-report-2022.htm>

<sup>89</sup> As part of NN Group's Responsible Investment Framework Policy, the Group has incorporated voluntary guidelines for financial institutions to address environmental and social risks, such as: i) Investment Guidance paper on the Environment; ii) Investment Guidance paper on Human Rights; iii) Exclusion List NN Group; and iv) Engagement Policy for Proprietary Assets. NN Group, "Responsible Investment," at: <https://www.nn-group.com/sustainability/responsible-investment.htm>

When the asset manager invests in infrastructure debt in any greenfield project in the EU or the UK, the protection of biodiversity forms a key part of the EIA for all projects, and particularly if it is located in, or near to a recognized biodiversity area. The protection of biodiversity is therefore included as a specific condition of the project licenses, permits and approvals, which typically involves the establishment of dedicated conservation areas, wildlife fencing and bridges or tunnels to preserve and protect any species where any loss of habitat or pollution (including noise, artificial lighting and dust) will occur as a result of the construction and development of an infrastructure asset. Such conditions are particularly rigorous if any protected or endangered species are found at the site.

Italy:

Regarding the activity 4.3 and 4.1, in the absence of transposition of the Directive 2011/92/EU in Italy,<sup>90</sup> NN Group has communicated to Sustainalytics that for each investment, the Group has technical due diligence (TDD) which includes an environmental impact assessment. These differ based on the TDD provider and EIA provider, when the asset has been put in operation and when the Group finances projects. TDDs of the Italian assets require that the asset requested from the local Environmental Office an EIA according to the Legislative Decree 152/2006<sup>91</sup> alongside 'Valutazione di Incidenza'<sup>92</sup> or 'Autorizzazione Unica'<sup>93</sup> request, depending on the asset.

NN Group has communicated to Sustainalytics that in its due diligence process, all investments are screened in order to avoid assets associated with negative social and environmental impact, including any investments that have a negative impact on biodiversity. When considering the key ESG issues likely to impact our infrastructure portfolios, the Group assess the physical location of the asset, environmental impacts and constraints, community and social implications, the dynamics of the sector or industry in which the Group operate and the business practices of all major counterparties. ESG analysis and compliance with the Equator Principles forms a key part of NN Group's investment proposal for each new investment. ESG related covenants, such as compliance with environmental and social laws and regulations, are included within the documentation for each investment by NN Group. Each investee is obligated to comply with all labour laws and environmental laws, regulations, permits and licences. The investee is also required to issue a compliance certificate on a regular basis to confirm its ongoing compliance with such environmental laws and regulations in accordance with the legal documents as well as immediately disclosing if any material environmental contamination incidents, liabilities or claims have been commenced or threatened.

Based on adherence to local regulations and processes in place to address the protection and restoration of biodiversity and ecosystems requirements, Sustainalytics assess the activity as aligned.

<sup>90</sup> NN Group has confirmed to Sustainalytics that the activity 4.1 and 4.3 will also be finance in Italy. European Commission, "National transposition of Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (codification), at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX:32011L0092>

<sup>91</sup> The Government of Italy, "DECRETO LEGISLATIVO 3 aprile 2006, n. 152", Normattiva, at: <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legislativo:2006;152>

<sup>92</sup> Ministero dell'Ambiente e della Sicurezza Energetica, "La Valutazione di Incidenza (VInCA)", at: <https://www.mase.gov.it/pagina/la-valutazione-di-incidenza-vinca>

<sup>93</sup> Autorizzazione Unica is the provision introduced by Article 12 of the Legislative Decree 387/2003 for the authorization for the construction of a renewable energy power plant on a land plot subject to special landscape protection, which includes EIA for renewable energy projects with certain thresholds. The Government of Italy, "DECRETO LEGISLATIVO 29 dicembre 2003, n. 387: Article 12", Normattiva, at: <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legislativo:2003;387>

Table 10

Criteria for the Sustainable Use and Protection of Water and Marine Resources	
<b>Alignment</b>	
<p>NN Group can rely on robust regulatory regimes in the countries in which projects are located. The Group has confirmed to Sustainalytics that the wind power projects to be financed under the Framework will be located in the EU.</p> <p>NN Group conducts a due diligence process, including both public and private information from its clients to which financing is provided, to ensure appropriate assessments have been carried out. Furthermore, all offshore wind projects are subject to appropriate environmental permitting which requires environmental assessments. Additionally, NN Group applies the Equator Principles to all its financed projects.</p> <p>Furthermore, NN Group has communicated that, in 2008, the EU adopted the Marine Strategy Framework Directive (2008/56/EC), which requires member states to draw up marine strategies (management plans) to achieve good environmental status in their marine areas. The overall criteria for assessing good environmental status are determined by the EU, and these criteria are adapted and further refined through work done under the regional marine conventions and at national level. The strategies are to include an assessment of the state of the environment and a description of environmental targets, monitoring programmes and measures to achieve or maintain good environmental status. For all member states of the European Union, the Marine Strategy Framework Directive (2008/56/EC) can be assumed to be transposed into national regulation.<sup>94</sup></p> <p>NN Group has confirmed to Sustainalytics that it adheres to the EU Water Framework Directive 2000/60/EC with respect to electricity generation using concentrated solar power (CSP) technology. Sustainalytics notes the national transposition of the Directive 2000/60/EC in the relevant EU countries..<sup>95</sup></p> <p>Based on the above Sustainalytics considers the activity is aligned.</p>	Aligned

<sup>94</sup> European Commission, "National transposition of Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive)", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX:32008L0056>

<sup>95</sup> European Commission, "National transposition of Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX:32000L0060&qid=1707220419142>



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