

2014  
Annual  
Review

2014  
Financial  
Report

2014  
Sustainability  
Report

# 2014 Sustainability Report

You matter



## About this report

**NN Group adopts a combined reporting strategy, which enables us to tailor our reporting for different stakeholder groups – customers, employees, shareholders, business partners and society at large**

Three documents comprise our 2014 Annual Report

### 2014 Annual Review

#### 2014 Annual Review

This is our top level communication aimed at all of NN Group's stakeholders, including customers, shareholders and employees. It is a concise report that provides key information about our strategy, the performance of our business and the statement of our CEO.

### 2014 Financial Report

#### 2014 Financial Report

This report covers NN Group's financial results, our approach to risk management, capital management and corporate governance, as well as the report of our Supervisory Board. Target audiences for this report are shareholders, rating agencies and other stakeholders interested in the financials and governance of NN Group.

### 2014 Sustainability Report

#### 2014 Sustainability Report

This report outlines our strategy, objectives and achievements related to the social, ethical and environmental aspects of our business. The report follows the Global Reporting Initiative's (GRI) G4 guidelines. It is aimed at all stakeholders of NN Group and, more specifically, customers, employees, shareholders, rating agencies and NGOs.



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[www.nn-group.com/annual-report](http://www.nn-group.com/annual-report)

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## Sustainability at NN Group

# Our approach to sustainability

At NN Group, we aim to help people and businesses manage and protect their assets and income. We believe that our role as a corporate citizen goes beyond delivering monetary returns for our shareholders. We aim to use our resources, expertise and reach to help society achieve long-term sustainable prosperity.

By understanding the global trends society is facing, and the impact that these developments might have on our customers and

on our businesses, we can contribute to a healthy economy as well as a stable society. In doing so, we want to create value for NN Group and our stakeholders, and improve lives for people today and generations to come.



For more information about the market trends driving our business see Annual Review, pages 11–12.

## Purpose and values

NN Group's relationship with our stakeholders is based on our values: we care, we are clear, we commit. Throughout NN Group, these values drive the behaviour that is needed to realise our company's purpose: to help people secure their financial futures.

The values were published under the title NN statement of Living our Values in October 2014. They set a global standard for the conduct expected of every employee, provide a compass for decision-making and instil a sense of pride and unity. Furthermore, our values steer our corporate citizenship agenda and provide a strong foundation for our sustainability approach. The statement, amongst others, expresses that at NN Group we will:

- Empower people to be at their best by providing our customers with the knowledge and confidence they need to make sound financial decisions;

- Respect each other and the world we live in by respecting human rights, advocating equal opportunities and encouraging diversity of thinking;
- Avoid or responsibly manage any negative impact our business activities may have on people or the environment, and seek positive change in society;
- Comply with all applicable laws, regulations and internal policies and guidelines;
- Do business with the future in mind, by valuing long-term objectives over short-term gains, carefully balancing the interests of our stakeholders, and championing initiatives that create better lives for generations to come.



For the full text of the NN statement of Living our Values visit our corporate website [www.nn-group.com](http://www.nn-group.com)

### Our values

#### We care

This means we:

- Empower people to be their best
- Respect each other and the world we live in

#### We are clear

This means we:

- Communicate proactively and honestly
- Are accessible and open

#### We commit

This means we:

- Act with integrity
- Do business with the future in mind



## Sustainability at NN Group – continued

### Pillars of our approach

For NN Group, sustainability is about creating long-term value while taking into account the interests of our stakeholders. Our sustainability approach, and therefore the structure of this report, is built on the following pillars:

#### Optimising customer experience

Customers' needs are crucial in everything NN Group does. We aim to ensure our products are suitable, transparent and easy-to-access. NN Group invests in financial education tools and awareness-building campaigns to help consumers make informed decisions and secure their financial futures. We also want to create products and services with social value added.

#### Investing responsibly

Environmental, social and governance (ESG) factors are an integral part of NN Group's investment process to protect and enhance the risk/return profile of our investments. Through active ownership, we support good governance and seek to enhance the social and environmental practices of the companies we invest in. NN Group also offers specialised socially responsible investment (SRI) funds and customised investment solutions to meet customers' growing interest in responsible investment.

#### Empowering our people

An open, safe, inclusive and stimulating working environment for employees is vital to NN Group's success. We provide training and development programmes to empower employees. NN Group's employee base is diverse in nationalities, languages and cultures. Our aim is to help our employees flourish, leading to better service for our customers. To measure employee satisfaction, our surveys help to continuously improve our engagement.

#### Creating positive change in communities

Many NN Group employees play a positive role in their local communities. Our businesses and corporate foundations support local initiatives with a focus on financial education and entrepreneurship, health, environmental care, and social welfare. Contributions are not only made through cash and in-kind donations, but also with the active volunteering efforts of our employees.

#### Managing our environmental footprint

At NN Group, we aim to reduce the use of natural resources, seek greener alternatives and ultimately compensate the remainder of our carbon footprint. Making responsible choices in procurement contributes to this.

For more information on these pillars, please refer to Our objectives (pages 8–9) and the dedicated chapters (pages 10–25).



## Sustainability at NN Group – continued

### Focus areas

Within our approach we focus on two specific areas that are closest to our core business and where we feel that NN Group can make the biggest impact. We sharpened this focus during 2014, in the context of becoming an independent company, and further aligned our approach with our values and strategy.

### Focusing on areas where we can make the biggest impact

#### Improving people's financial well-being

At NN Group, we aim to be a positive force in the lives of our customers. We believe this also includes taking responsibility for the well-being of the wider society. This is why we launched our corporate citizenship programme, NN Future Matters, in 2014. The goal of this programme is to improve people's financial well-being – in the markets where NN Group operates – to enable people to grow their economic opportunities, help realise their financial ambitions and overcome adversity.

NN Future Matters focuses on three complementary themes where we believe we can make the most impact, and which are close to the company's purpose:

#### Promoting financial empowerment

By giving people confidence to take care of their finances, NN Group wants to build a society that as a whole is more financially aware and capable. We do not only concentrate our efforts on our customers. Many more people can benefit from better financial knowledge and skills, to help them make more sound financial decisions. For example, youngsters benefit from additional support to become more confident about financial planning.

#### Creating economic opportunities

By supporting youngsters in preparing for the future, NN Group believes we can add value in helping them to find better opportunities in the labour market. With high youth unemployment rates in Europe, it is crucial to help create better job prospects. NN Group would like to help young people to find a job that suits them, and offers them the opportunity to obtain job experience within our company.

#### Alleviating financial distress

NN Group wants to help people who are not getting by financially, and supports them by alleviating their financial distress. To maximise our impact, we partner with several local charities that support families with children living in challenging financial circumstances.

#### Responsibly managing our assets

NN Group is a long-term global institutional investor with a duty to act in the best interest of our policyholders, clients, shareholders and other stakeholders. To fulfil this duty, we acknowledge the importance of structurally integrating environmental, social and governance (ESG) factors into our investment process.

We believe that ESG factors have the potential to influence the financial performance of companies, both in a positive and negative way. Topics such as climate change, resource scarcity and demographic change will affect industries and business models. As such, they are important intangible value drivers and a key factor to identifying corporate and management quality. Companies that maintain high standards of corporate governance and corporate responsibility tend to deliver long-term shareholder value over time. Consideration of ESG aspects in the investment process will therefore result in more informed investment decisions and better optimisation of the risk/return profile of investment portfolios.

Beyond this economic rationale, NN Group believes that the consideration of ESG issues is also a matter of good corporate citizenship. It supports our responsibility as an insurer and long-term investor to build sustainable business success while addressing the expectations of stakeholders in a way that is sustainable for our business and for society. This means that not only the values and interests of our beneficiaries should be taken into account, but also those of the broader society.

At NN Group, ESG integration is at the core of our responsible investment approach. We aim to expand this across all asset classes. We support good governance and seek to enhance the social and environmental practices of companies we invest in through active ownership. By offering specialised SRI funds and tailor-made investment solutions, we aim to meet our customers' growing interest in responsible investment.



## Sustainability at NN Group – continued

### Governance

At NN Group, the corporate citizenship agenda, including our sustainability approach, is part of the portfolio of the Chief Change and Organisation (CCO) within the Management Board.

NN Group strives to structurally embed sustainability in our policies, processes and activities. However, to drive our strategy and implementation, we have a dedicated team in place; the Corporate Citizenship team within the Corporate Communication & Affairs department.

Within our asset management business, there is a specialised Responsible Investing team in place. Additionally, there are experts within specific departments, such as Corporate Legal and Risk Management, that include ESG related activities in their roles.

For more information on governance and the decision-making process regarding the implementation of the responsible investment framework, refer to page 15.



For more information about corporate governance see Financial Report, pages 13–24.

### International endorsements and memberships

To underline our ambitions, NN Group and/or our respective businesses have endorsed various (inter)national standards and initiatives:

- United Nations Global Compact\*
- United Nations Environment Programme Finance Initiative\*
- Principles for Sustainable Insurance (PSI)\*
- Principles for Responsible Investment (PRI)
- Carbon Disclosure Project (CDP)

We are also a member of (inter) national organisations, including:

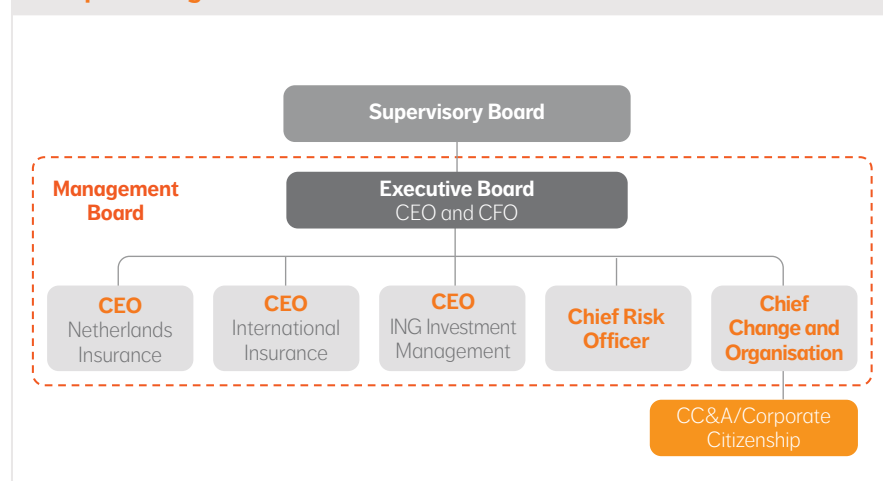
- International Corporate Governance Network (ICGN)
- European Fund and Asset Management Association (EFAMA)
- CRO Forum, Sustainability Working Group
- Eumedion
- Dutch Association of Investors for Sustainable Investment (VBDO)

\* Held via ING Group until their stake in NN Group drops below 50%.



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

### Simplified organisation chart



### Economic contribution to different stakeholder groups

To achieve our financial and non-financial objectives, NN Group depends on the trust, commitment and dedicated work of many people. We service a large customer base, comprising individuals, families, businesses and institutions. We provide an income to our employees, we buy products and services from our business

partners and suppliers, and we pay taxes to governments. To illustrate the economic value that we distribute in society, we made an indicative overview of contributions to distinctive stakeholder groups in the course of 2014.

Stakeholder group	Contribution	in EUR million
Customers	Total claims and benefits paid	11,982
Employees	Total employee wages and benefits <sup>1</sup>	1,100
Suppliers	Payments to suppliers of goods and services	965
Capital providers	Payments to capital providers <sup>2</sup>	437
Governments	Corporate income tax paid to governments <sup>3</sup>	89
Communities	Donations to charitable organisations	1.1

1 Excluding pension costs. For more details on the composition of employee wages and benefits, refer to note 27 of the Consolidated annual accounts.

2 Consists of: (i) dividends paid to shareholders, and (ii) interest paid on the debt issued by NN Group N.V.

3 In addition to corporate income tax, NN Group pays other taxes such as VAT. Paid wage tax and social security premiums are included in employee wages and benefits.

What matters to us

## Understanding key trends and our material issues

To further develop NN Group's business strategy and to set our sustainability priorities, it is important to understand what the most material developments and issues are to our sector in general and to our company more specifically. This is an ongoing process.

Determining aspects that are material to our company, is also an important element within our reporting process. The guidelines from the Global Reporting Initiative (GRI) define material aspects as those aspects that reflect the organisation's significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of our stakeholders.

NN Group used internal and external research, as well as other sources, to create an overview of trends and developments that may impact our company. To validate those developments, an online survey was conducted amongst internal and external stakeholders, including investors, customers, peers, academics and experts in the area of sustainability. To understand the background of their answers, a selection of the respondents were interviewed by an independent third party. The outcome of this assessment is reflected in the matrix below. It presents the developments that are important to NN Group's businesses and our approach to sustainability, and the relevance of these to our stakeholders.

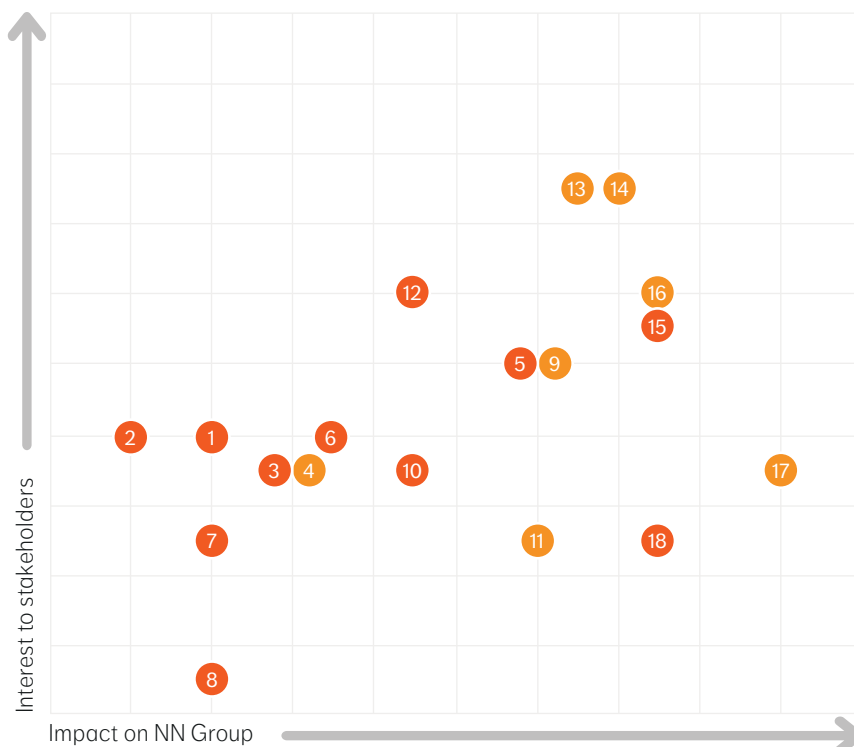
From this assessment, we were able to derive the key trends that impact our business, today and for the years to come, both from a risk and an opportunity perspective.

The key learnings from the materiality assessment are:

- Trust and demand for transparency are clearly recognised by stakeholders as important to NN Group;
- An ageing population does not only mean risk for insurance providers, it also creates opportunity to meet the demand for retirement products and other investment vehicles as people spend more time in retirement;
- Increasing regulation places significant compliance and governance demands on insurers;
- Digitisation is seen as an opportunity, both to better serve our customers as well as to reduce costs.

These trends, and NN Group's response to them, are also described in the Annual Review (pages 11–12) and throughout this report.

### Societal trends as well as business concerns recognised as most material by our stakeholders



#### Topic

1. Natural resource scarcity
  2. Human rights
  3. Increasing inequality
  4. Rise of emerging markets
  5. Client data protection
  6. Structural unemployment
  7. Individualisation
  8. Increasing middle class
  9. Increasing digitisation
  10. Use of social media
  11. Low interest rates
  12. Climate change
  13. Demand for increased transparency
  14. Trust in financial system
  15. Financial system (in)stability
  16. Increasing financial regulation
  17. Ageing population
  18. Pension reform
- Key market trends driving NN Group's strategy

## Stakeholder engagement

# Responding to our key stakeholders

To earn trust and support, NN Group maintains an open and continuous dialogue with various stakeholders about our role in society, our products and services, our business performance and other issues. We do this at all levels in the organisation, both at business unit and group level.

NN Group considers customers, employees, shareholders, business partners and society at large (including societal organisations and regulators) as important stakeholders. We seek feedback from them on different topics in order to learn which issues are most important to them. This input is used in our decision-making processes and tells us how we can best align the interests of our businesses with the needs and expectations of our various stakeholder groups.

The instruments to conduct this dialogue include: regular information sessions for customers on products and services; roundtable sessions with policymakers and academics; frequent bilateral contact with regulatory and government authorities and societal organisations (including non-governmental organisations, labour unions and industry associations); briefing sessions and roadshows for journalists, analysts, rating agencies and investors. For topics that were discussed with our stakeholders during the year, we refer to the respective chapters of this report.

We survey our employees' engagement twice a year (see the chapter Empowering our people). There are regular meetings with the different works councils to inform them on developments related to different topics in the area of corporate citizenship, including sustainability.

In 2014, as part of the survey to determine the trends and material issues for our company, we asked our stakeholders to prioritise measures that NN Group could take to address those developments. The outcome is reflected in the box below. In line with the demand for increased transparency, the indicated priority measures consist of offering transparent products and services, which add social value and offer guidance and education to our customers. Read more on those activities in the chapter Optimising customer experience (pages 10–13). Digitisation is also addressed in this chapter. Our approach to responsible investment is explained on pages 14–18 of this report. How NN Group deals with remuneration and the development of our employees is stated in the chapter Empowering our people (pages 19–20). The input of our stakeholders helps us to further develop our sustainability approach.

## Priority measures indicated by external stakeholders



## Read our position

1. Offer transparent products and services	AR: CEO statement, pages 6–7; Our strategy, pages 10–13 SR: Optimising customer experience, page 10
2. Create products with social added value	SR: Optimising customer experience, page 12
3. Maintain a strong balance sheet	AR: CEO statement, pages 6–7; Our strategy, page 13
4. Promote responsible investment	AR: Our strategy, page 14; Business review, page 27 SR: Sustainability at NN Group, page 4; Investing responsibly, pages 14–18
5. Offer guidance and financial education to customers	AR: Our strategy, pages 13–14 SR: Optimising customer experience, pages 11–12
6. Ensure fair remuneration	FR: Remuneration report, pages 26–31 SR: Empowering our people, page 20
7. Reduce environmental footprint	AR: Our strategy, page 14 SR: Sustainability at NN Group, page 3; Managing our environmental footprint, pages 24–25
8. Reduce costs through digitisation	AR: Our strategy, page 12 SR: Optimising customer experience, page 11
9. Stimulate employees to develop themselves	AR: Our strategy, page 14 SR: Sustainability at NN Group, page 3; Empowering our people, pages 19–20
10. Support local communities	AR: Our strategy, page 14 SR: Sustainability at NN Group, page 3; Creating positive change in communities, pages 21–23

AR = 2014 Annual Review  
FR = 2014 Financial Report  
SR = 2014 Sustainability Report

## Our objectives

# How we have performed against our objectives, and our future ambitions

### Objectives

### Measurements 2014

### Ambitions 2015–2018

#### Optimising customer experience

Our clients' needs and interests play a crucial role in everything we do. It is our goal to deliver high-quality products and services that are suitable, transparent and contribute to the financial well-being of our customers. We aim for a better customer experience, by:

- strengthening customer centricity
- offering guidance and financial education
- creating products and services with social value added

# 13

Countries offer online guidance and education

# +1

Country compared to 2013

Provide more insights, tools and knowledge to our customers so they can improve their financial decision-making

Include our values in Net Promoter Score (NPS) and the brand health monitor to measure the effect of those values

Introduce social innovation in our product and service offering

# 11

Countries use NPS

# 190k

NPS feedback forms

#### Investing responsibly

We believe that by embedding environmental, social and governance (ESG) aspects in our investment process, we will increase long-term shareholder value, by:

- being an active owner towards investee companies
- integrating ESG factors across asset classes
- applying restrictions based on policy framework
- offering specialised SRI funds and responsible investment solutions

# €4.1bn

Sustainable assets under management

Further development of the NN Group Responsible Investment Policy Framework

Strengthen ESG integration across asset classes

# 18%

Increase compared to 2013

Continue to grow sustainable assets under management and product offering

## Our objectives – continued

### Objectives

### Measurements 2014

### Ambitions 2015–2018

#### Empowering our people

We consider it vital to the success of our company to foster an open, inclusive and stimulating working environment for our employees, where everyone is living the same values. To increase economic and job opportunities, we invest in employability by:

- stimulating our employees to develop and grow
- offering students and graduates the opportunity to gain work experience within our company

**€13.6m**

Training and development

**9.7%**

Increase in spend on training per FTE compared to 2013

**54/46**

Male/female ratio

Further embed our values through global employee training and integration in performance management

Continue to invest in the diversity of our organisation

Start a company-wide effort to provide more graduates with job experience and scholarships

#### Creating positive change in communities

We make a positive contribution to the societies in which we are active. In doing so, we focus on supporting people to improve their financial well-being, by:

- promoting financial empowerment
- creating economic opportunities
- alleviating financial distress

**€1.1m**

Charitable donations

**24%**

Increase in employees volunteering compared to 2013

Roll out the NN Future Matters programme in all of our countries

Gradually target 60% of total charitable giving towards NN Future Matters related areas in 2018

Increase active employee participation through volunteering and fundraising (from 5%) to at least 25% of all employees by 2018

#### Managing our environmental footprint

We aim to effectively manage our environmental footprint, by:

- reducing the use of natural resources
- seeking green alternatives
- compensating the remainder of our carbon footprint

**18**

CO<sub>2</sub> emissions (in kilotonnes)

**59%**

of electricity from renewable source

Reduce CO<sub>2</sub> emissions by 30% in 2020 compared to 2005 (Dutch operations)

Increase the purchase of renewable electricity

Further improve engagement on sustainable practices with and screening of suppliers

## Optimising customer experience

# How we are helping our customers secure their financial futures

### We believe that what matters to our customers, matters to us

#### Highlights 2014

- Introduction of new products and services such as Mortgage commitment upfront and the pension app Mijn Pensioencoach
- Enhanced digital platforms and mobile applications providing customers access to manage their products online
- Introduction of LifeMappr, an online tool empowering people to improve their financial decision-making

#### The Customer Golden Rules

- NN Group strives to meet customers' needs throughout their life cycle
- NN Group offers fair value to customers
- NN Group explains the risks, returns and costs of our products and services
- NN Group regularly assesses products, services and distribution practices
- NN Group only works with professional and licenced distributors

NN Group wants to help people secure their financial futures. We offer our customers fair value for money and an experience that is straightforward, personal and caring. We create transparent, easy to understand products and we empower our customers with the knowledge and tools they need to make sound financial decisions. By developing products that offer added social value and anticipating the needs of specific customer groups, we optimise the customer experience while strengthening the sustainability of our business.

We measure how our customers value our products and services using the Net Promoter Score (NPS) methodology.

### Customer centricity

Customer centricity is an integral part of the NN statement of Living our Values. We take our customers as the starting point of everything we do and we anticipate our customers' changing needs in each phase of their lives.

To ensure our customers are top of mind, we developed the Customer Golden Rules. These form a key component in our approach towards customer centricity, and are an integral part of our product approval and review process (PARP).

Engaging with our customers is also an important step in the product development process and contributes to enhancing their experience. In many countries, such as Poland and Belgium, new products are developed in consultation with clients and advisors. In addition, in the Netherlands products are tested in customer collaboration platforms.

### Transparent products and services

We aim to improve the customer experience by reducing complexity and enhancing quality and transparency of the products and services we offer.

In 2014, NN Group rewrote around 150 communication materials in order to make them more clear and easy to understand for our customers.

Furthermore, we introduced a number of new products and initiatives with a focus on enhancing customer centricity, and thereby improving the customer experience:

- Bewust Pensioen, introduced by Netherlands Life
- Pension app Mijn Pensioencoach, giving customers information and insights into their pension
- Claims manager at home service, introduced by Netherlands Non-life
- Fire and theft insurance anticipating the sharing economy, introduced by Netherlands Non-life
- NN Bank's proposition Mortgage commitment upfront
- Welcome pack for newly registered customers in the Czech Republic

### Unit-linked insurance products

Since the end of 2006, Dutch unit-linked products have received negative public attention. In 2008, NN Group offered compensation to customers who purchased certain unit-linked policies that had a cost charge in excess of an agreed maximum. NN Group has initiated comprehensive communications to reach out to customers to carefully assess their policies and take action if necessary. Customers are allowed to switch to another product free of charge. For more information, please refer to the Annual Review, page 11 and the Financial Report, page 110.

## Optimising customer experience – continued

### New technology enhances customer experience

At NN Group, we aim to adapt to the changing needs of our customers, who increasingly expect instant insight into their financial situation. A multichannel strategy that is constantly evolving makes it easy for customers to access products and services – when and where they prefer. Online and mobile applications are important elements in our customer experience approach.

During 2014, many of our business units, including Turkey, the Czech Republic, the Slovak Republic, Spain and Hungary, developed or upgraded their digital platforms to provide more insight and enable customers to manage their accounts, and to execute their transactions online (i.e. claims). Also, NN Bank in the Netherlands created new banking products which can be requested online.

Additionally, NN Group offers online tools for intermediaries to support them in improving the quality of advice to customers. For instance, in Japan, a communication platform for independent agents was created. And, in Bulgaria, NN Group introduced a portal that supports agents in servicing their customers.

### Customer empowerment

We believe a key underlying aspect of delivering great customer experience is empowering people to improve their financial decision-making and to achieve their financial ambitions by protecting and accumulating their wealth. Also, because of increasing life expectancy, people have a growing need to accumulate wealth to secure their financial futures. Therefore, we invest in educating people about finance and in raising their awareness through campaigns and (online) tools. NN Group aims to help consumers imagine their future and its financial implications in an entertaining and personal way using several online tools.

In 10 countries across Europe, NN Group provides the My Financial Personality test. Completing this test gives customers tips for improving their financial behaviour and directs them to the correct information or service channel if they need further support or advice. It might also encourage people to obtain professional advice through one of NN Group's advisors. Around 400,000 people have taken the test so far.

LifeMappr is an innovative online application that visualises a person's future based on their Facebook profile and statistics. It creates a personalised movie trailer of their life, a timeline of their future and a personal financial overview of future income and costs. This way, NN Group aims to help consumers think about their future, and the financial implications, in a fun and personal way. In 2014, LifeMappr was successfully introduced in the Netherlands, Romania and Greece. We will continue to roll out LifeMappr to our other major retail markets during 2015.

### Ready for the changes of tomorrow



**“Digitisation has changed the way we communicate, find our information and make decisions. People use digital tools to compare product offers, gain insight into their financial situation and ultimately make better financial decisions. NN Group invests in our digital capabilities to enable people to improve their financial well-being.”**

**Bruce Hodges**  
Chief Information Officer, NN Group



Read more on our corporate website in the article “Ready for the changes of tomorrow”.

## Optimising customer experience – continued

### Other examples

Other examples of awareness programmes and online tools for empowerment:

- Pensioen3daagse, e-learning tool in cooperation with the Dutch magazine Libelle
- The Easy Finance programme in Bulgaria
- Competition in Romania to generate a greater awareness of the problems that an individual should take into account when planning his/her personal future
- Most of NN Group's local websites include calculation tools to make projections for, amongst others, pension products and premium simulations for life products (Poland and Turkey)
- Also, direct touch points through social media, such as Facebook, were created – for example in Greece

### Products with social added value

At NN Group, we aim to enhance the customer experience for vulnerable groups that may benefit from additional support, by offering special products that address their specific needs or issues, and provide an inclusive and positive experience.

#### Support in financial distress

NN Bank in the Netherlands, helps people in financial distress by enabling them to stay in their own homes as long as possible. We offer budget coaches to support people with problems paying their mortgage and use early warning systems to identify customers in the early stages of distress. NN Group also supports customers in financial distress in Bulgaria. Individual insurance customers can suspend paying instalments for up to 12 months, while keeping their policy in place.

#### Breast cancer support

The Cancer cover campaign in Poland promotes both health and financial well-being for customers undergoing cancer treatment. A mobile application was also introduced to educate women about how to properly perform breast self-examination and encourage early detection. It attracted over 20,000 users. In Spain and the Czech Republic, the For You life insurance product offers women insurance coverage in case of breast cancer, including online access to information and help with cancer prevention.

#### Road safety and a cleaner environment

The new car insurance Fairzekering, co-created by Netherlands Non-life, rewards drivers who drive safely and promotes safe driving behaviour, which can also lead to lower carbon emissions.

### Excellent customer service improves financial well-being



**“There is only one way to create long-lasting profitability and that is by making customers happy. Therefore, at NN Group we offer fair value for money and an experience that is straightforward, personal and caring. We want to be relevant to people’s lives and to be a trusted partner.”**

#### Mariken Tannemaat

Head of Commerce,  
Insurance International



Read more on our corporate website in the article “Excellent customer service improves financial well-being”.

## Optimising customer experience – continued

### Customer feedback and loyalty

NN Group applies the Net Promoter Score (NPS) to measure customer engagement and to monitor our performance. In our NPS approach, we collect, evaluate, and act on customer feedback. This information drives improvements in our product portfolio and customer service, thereby helping us become a more customer-focused company. NPS is active in 11 out of the 13 countries where NN Group holds insurance operations. A fine-mazed network of around 170 touchpoints enables NN Group to receive feedback from our customers.

During 2014 we received over 190,000 feedback forms telling us how our customers found their experience with us.

Furthermore, we went through a major transition in our NPS approach in 2014. We invested in improving the infrastructure, built up a new innovative vision and approach, challenged ourselves with a newly branded survey approach towards our customers, realigned all touchpoints to our strategy and values, and introduced relational benchmarks in addition to the transactional surveys that were already in place.

#### NPS in 11 of our insurance countries



Country	Life (on/above market average)	Non-life (on/above market average)	Pensions (on/above market average)
1. Bulgaria	yes	n.a.	yes
2. The Czech Republic	no	n.a.	yes
3. Greece	yes	n.a.	n.a.
4. Hungary	yes	n.a.	n.a.
5. Japan	no	n.a.	n.a.
6. The Netherlands*	n.a.	yes	no
7. Poland	yes	n.a.	yes
8. Romania	yes	n.a.	yes
9. The Slovak Republic	yes	n.a.	no
10. Spain	yes	no	yes
11. Turkey	no	n.a.	yes

\* Due to product portfolio and organisational set-up, the Dutch Life products are embedded in the Non-life and Pensions research.

#### External recognitions

##### Netherlands Non-life

- 5 star MoneyView award for a legal aid product on the aspects of quality and price
- 5 star MoneyView award for an annual multi-trip travel insurance on the aspect of quality
- Blauwe Tulp during the Accenture Innovation Award for the Fairzekering (car insurance)
- Dutch quality label for customer satisfaction (Keurmerk Klantgericht Verzekeren)

##### NN Bank

- De Gouden Spreekbuis award for mortgage providers based on outstanding awareness, appreciation, image and customer preference

##### Poland

- Recognition as the Most Friendly Insurance Company
- Turbines of the Polish economy for the best insurance product for SME sector
- Golden Paperclip for the best campaign for a cancer cover insurance product and best mobile application in the field of health promotion

##### Romania

- Best Medium Support Centre award and 2 individual awards at the Contact Centre Gala Award
- 2nd place at the Mobile Awards Gala at the Mobile Marketing Forum Conference with MyING Mobile App

#### Going forward

- Provide more access to insights, tools and platforms to our customers to improve their financial decision-making
- Continue to provide our customers with an excellent experience that inspires them to recommend us to their family and friends
- Include our values in NPS and the brand health monitor to measure the effect of those values

## Investing responsibly

# How we are integrating ESG factors into our investment process

## A responsible approach to investment helps us to meet our long-term commitments

### Highlights 2014

- Introduction of overarching NN Group Responsible Investment Policy Framework
- Increase sustainable assets under management by 18% to EUR 4,052 million
- Launch partnership with European Centre for Corporate Engagement (ECCE) of Maastricht University to investigate the materiality of ESG factors
- Launch Euro Credit Sustainable fund, including financials, in October 2014
- Investment Management was awarded a high score on the UN PRI scorecard. Aspects in which we received above median scores, include promoting responsible investing, taking into account ESG aspects in external manager selection and overall ESG integration

NN Group is a significant investor in a large number of countries, industries and companies. We take our responsibility as a capital provider and as an active owner seriously. This means we integrate environmental, social and governance (ESG) factors into our investment and active ownership processes. By offering specialised sustainable investment products and solutions, NN Group meets our customers' growing interest in responsible investment.

At NN Group, we invest the majority of our insurance assets and own capital (Proprietary Assets), through Investment Management (to be rebranded NN Investment Partners in 2015), which also manages third-party assets. These third-party assets are managed for institutional and retail customers through mandates and mutual funds.

### NN Group Responsible Investment Policy Framework

In 2014, an overarching Responsible Investment (RI) Policy Framework was developed for NN Group. This framework sets out our vision and approach to responsible investment, which we define as the systematic integration of relevant ESG factors into our investment decision-making and active ownership practices. Furthermore, it highlights the measures that NN Group takes to effectively manage ESG risks and opportunities in our investment portfolios.

The framework is based on NN Group's values, we care, we are clear, we commit. These values help drive the behaviour that is expected of our employees. The NN statement of Living our Values, for example, expresses that we respect human rights, and avoid any negative impact our business may have on the environment. But it also expresses our ambition to seek positive change in society.

The framework also reflects various international standards and initiatives that NN Group and/or Investment Management endorsed, such as the Principles for Sustainable Insurance (PSI),

Principles for Responsible Investment (PRI) and Global Compact – all of which are supported by the United Nations.

Our RI Policy Framework applies group-wide, and relates to both NN Group's role as an asset owner, as well as an asset manager. NN Group intends to progressively implement this framework to every asset category in which we invest, whenever applicable.

### Mitigating risks and seeking opportunities

To mitigate risks, NN Group applies group-wide restrictions on investments in companies that are involved in certain controversial aspects of the weapons or defence industry. Furthermore, we have a policy in place to ensure we do not facilitate business transactions involving ultra-high risk countries. This includes countries that are sanctioned by the EU, the U.S. or other governing bodies.

Whilst implementing our policy framework, NN Group continues to apply restrictions based on the standing ING Environmental and Social Risk (ESR) framework. As such, we do not invest in companies that, among other things, are involved in animal testing, online gambling, or environmental or human rights abuses. These restrictions apply to the Proprietary Assets and to our specialised Socially Responsible Investment (SRI) funds.

As a long-term investor, the sustainable investment field increasingly offers investment opportunities with clear social and environmental benefits. NN Group evaluates and considers such opportunities. In 2015, we will conduct a review of sustainable investment opportunities for the insurance investment portfolios. To meet our customers' growing interest for sustainable investments strategies, Investment Management offers specialised SRI products and solutions.

### Expanding ESG integration

In line with our RI Policy Framework, we are also integrating ESG factors into our alternative asset classes, including our real estate portfolio. Most of our real estate assets are externally managed. In 2014, NN Group became a member of the Global Real Estate Sustainability

## Investing responsibly – continued

Benchmark (GRESB) initiative to better assess the sustainability performance of our (direct and indirect) real estate portfolio. The results of the 2014 benchmark will be our starting point to engage with real estate managers.

### Governance, advice and implementation

Within NN Group, the Management Board holds ultimate accountability for the ESG aspects of our businesses. There are also committees – led by Board members – that play an important role in decision-making. That includes the Risk and Finance Committee and the Group Investment Committee.

A new Responsible Investment Working Committee has been established in 2014. The committee steers the implementation of the RI Policy Framework from an asset owner perspective, and monitors ESG aspects for all Proprietary Assets. The Chief Investment Officer of NN Group leads this committee and bundles the insurance business responsibility together with the areas of expertise of Investment Management and involved NN Group staff functions.

Investment Management has an ESG Board in place, which is chaired by its Chief Investment Officer and consists of senior managers and ESG specialists. The ESG Board gives advice to Investment Management's executive team about the positioning on responsible investment. In the context of the RI Policy Framework, it also has a mandatory advisory role on NN Group's RI-related policies and restricted list(s). It further steers the implementation of the framework in our investment processes.

### ESG integration at Investment Management

The integration of ESG factors in the investment process is at the core of Investment Management's approach to responsible investing, supported by the belief that it helps to make more informed decisions and optimise the risk/return profile of our investment portfolio. Our equity and fixed income analysts carry out ESG analysis as an integral part of the research process. They make use of ESG data from several data/research providers,

among which are Sustainalytics, GMI and Bloomberg, taking into account company characteristics, developments within the sector and materiality of the issues.

Materiality is key when integrating ESG into an investment analysis. This means that, for example, equity analysts look at factors that are likely to have a material impact on the longer-term sustainability of a company's business model and its share price performance. For corporate bonds, the analysts focus on factors that could potentially impact the operating profit and cash flows of companies and, in severe cases, a company's ability to service debt and its credit rating.

In 2014, Investment Management started a multi-year partnership with the European Centre for Corporate Engagement (ECCE) of Maastricht University to develop new insights into the materiality of ESG factors to the value or performance of an investment. In cooperation with Investment Management's Responsible Investment, Global Equity Research and Credit teams, ECCE will investigate the relationship between a wide range of sustainability factors and key value drivers of companies.

### ESG integration at the core of our approach to responsible investing



**“My ambition is for clients to better understand the added value that our responsible investment approach can bring to their portfolio. We constantly fine-tune our approach of integrating ESG factors into all investment categories. This allows us to improve our risk-adjusted performance and to have a more effective dialogue with the companies we invest in.”**

#### Hans Stoter

Chief Investment Officer,  
ING Investment Management



Read more on our corporate website in the article “Embedding responsible investment in the organisation”.

## Investing responsibly – continued

### Active ownership

We make a strong link between ESG integration and active ownership (i.e. voting and engagement). ESG topics to be discussed with a company, as well as insights gained as a result of engagement, are included in the investment cases of our analysts. Strong concerns about a company's ESG practices have an impact on their recommendation.

#### Voting

We use voting rights to support or enhance our investment rationale for a company and promote the standards set out in the Responsible Investment Policy. Investment Management strives to exercise our voting rights in all markets worldwide. We vote on behalf of all of the Proprietary Assets and Benelux funds with more than EUR 100 million of assets under management invested in equity. This is the vast majority of the funds managed on behalf of our clients.

The members of the Proxy Voting Committees have regular discussions with in-house analysts and portfolio managers about potential controversies that may trigger a vote against specific agenda items. The agenda items of the shareholder meetings are voted on a case-by-case basis for all companies in which Investment Management holds shares for Proprietary Assets. For Client Assets, this also applies to the larger holdings (+1% of outstanding share capital), to Dutch and Belgian companies in the Dutch, Belgian and Luxembourg funds, as well as to all companies in the Sustainable Equity funds.

All votes cast at shareholder meetings can be reviewed on our website. We also report our voting and engagement activity on behalf of our clients in the Active Ownership Report, published on a quarterly basis via our website: [www.ingim.com](http://www.ingim.com).

#### Shareholder resolutions

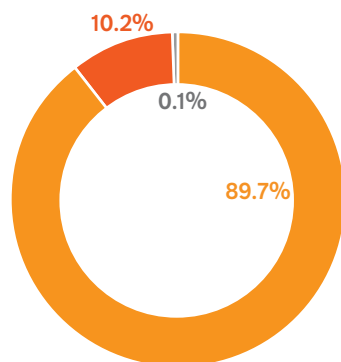
In the United States, Japan and a number of other countries, shareholder resolutions are often used to address ESG issues. We actively vote on shareholder proposals that are related to relevant ESG issues. We generally support shareholder proposals if we believe they help address significant social and environmental issues that can be material to a company. At the same time, we take a rational approach to the analysis of shareholder proposals. If we believe that a company already adequately deals with the issues addressed in the shareholder proposal, or we are of the opinion that the shareholder proposal is poorly drafted, we may not support the proposal.

### Active ownership by Investment Management

#### Shareholder meetings where we voted (#)

1,699

#### How we voted (%)



■ For  
■ Against  
■ Abstain

#### Number of agenda items on which we voted (#)

20,005

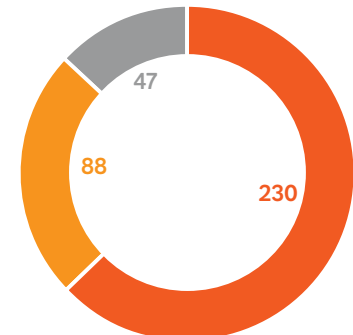
#### Countries where we voted most shareholder meetings (#)

US	397	Netherlands	56
Japan	219	Germany	41
UK	165	Belgium	40
Hong Kong	115	Russia	36
France	66	Switzerland	34
Canada	62		

#### Company meetings attended by our equity analysts (#)

1,825

#### Shareholder resolutions on which we voted by topic (#)



■ Social  
■ Environmental  
■ Corporate governance

## Investing responsibly – continued

### Dialogue and engagement

The primary focus of our engagement efforts is on companies that act in breach of the UN Global Compact principles and companies where we identify material ESG related risks based on in-house research and information from external research providers. Next to that we also participate in thematic engagements in case a certain issue is of importance to an entire industry or wider range of companies.

As an asset manager with active investment strategies, Investment Management's analysts and portfolio managers meet with many company executives on a regular basis. To an increasing extent ESG related risks and opportunities are part of these discussions. We also have an in-house team that focuses specifically on ESG issues that may have an impact on our customers' holdings. In addition to individual engagements with companies, we cooperate with other institutional investors in engagement of policymakers on a range of ESG issues.

### Engagement themes in 2014

#### Environment

Topics in 2014 included the environmental challenges related to the oil and gas, and mining industry. For example, we are (collaboratively) engaging with companies

that have oil sands operations, asking them to set clear targets on, amongst other things, greenhouse gas emissions and water use, and to report on their progress. Following a site visit, we published a report on the unresolved ESG issues in the Canadian oil sands region. This report is used for internal and external knowledge sharing and discussion. Investment Management signed the 2014 Global Investor Statement on Climate Change. The statement recognises the role investors play in financing clean energy, outlines the specific steps they are committing to take, and calls on policymakers to take action that supports, rather than limits, investments in clean energy and climate solutions.

#### Social

Social topics were an important engagement theme in 2014. For instance, we are engaging with mining and oil companies to improve safety standards and community relations. The latter is particularly challenging when they operate in many different (developing) countries. Human capital is one of the topics Investment Management pays a lot of attention to, as we believe this is one of an organisation's most valuable intangible assets. Our ESG specialist published a report on human capital. In 2014, we have

continued the engagement with the consumer sector on social and labour issues. We are (collaboratively) engaging through the PRI with companies worldwide to enhance the effectiveness of their anti-bribery and corruption policies.

#### Governance

Investment Management regularly enters into dialogue with companies on remuneration and board structure issues prior to the shareholders' meetings. Governance is also an important issue in our engagement activities. In 2014, we actively contributed to a viewpoint paper of the ICGN in which various best practices and recommendations are proposed to improve the possibilities for shareholders to effectively exercise their voting rights worldwide. We also started a collective engagement through the PRI, focusing on engaging with companies located in several markets to seek more disclosure, and improve overall effectiveness of the director nomination process. Investment Management believes integrated reporting plays a key role in how material ESG information can reach mainstream investors. We engage with companies, stimulate them to move towards integrated reporting and advise on implementation.

### Investment Management stresses impact of human capital on long-term risk adjusted returns

"Human capital is one of the topics ING Investment Management pays a lot of attention to, as we believe this is an important value driver to achieve better long-term risk adjusted returns. Human capital – which encompasses factors such as talent, training, employee satisfaction, working conditions, labour relations and diversity – is probably an organisation's most valuable intangible asset," says Nina Hodzic, Senior ESG specialist at Investment Management.

Research suggests that physical and financial accountable assets on a company's balance sheet traditionally comprise less than 20% of the true value of the average firm. The remaining 80% consists of intangibles such as human capital, stakeholder capital, strategic governance and environment. Investment Management's approach combines financial analysis with a rigorous analysis of the hidden investment risks and value drivers that

determine which companies will be long-term winners.

Nina Hodzic comments: "Human capital – especially employee satisfaction – is one of the key drivers of value creation in many sectors. Happy employees are more engaged and loyal. Low turnover means that good employees stay and are more productive. This has, generally speaking, a positive impact on the company's performance in the long term as it leads to higher expected future cash flows and lower risk. This is supported by an increasing number of academic studies."

She continues: "As economies in the West move from capital intensive firms – often combined with unskilled labour – to human capital-intensive firms, using high skilled innovative labour, investors will need new methodologies to assess the intellectual and creative strengths of companies and their constituent human capital."

At Investment Management, we believe that companies should look to increase training and development and build passion and purpose as young people look more and more for meaningful work benefiting the broader society. Diversity is also viewed as an increasingly important strength if companies are to understand the needs of those they look to provide services for.

Hodzic points out: "The number of young people classified as NEETs (not in formal education or training) is a huge problem for governments and private sector companies. Universities, governments and companies will have to work together to ensure young people gain access to the training and skills needed to succeed in an increasingly human-capital focused environment and competitive employment market."

## Investing responsibly – continued

### Specialised SRI funds and responsible investment solutions

At Investment Management, we are meeting the growing demand for products that generate good financial returns and are good for society and the environment by developing appropriate products:

- Our flagship Luxembourg and Dutch domiciled Sustainable Equity funds have been offered since 2000. They make use of both best-in-class and exclusionary criteria.
- The Euro Credit Sustainable fund started in December 2011. It makes use of exclusionary filters and excludes investments in tobacco manufacturers.
- In October 2014, a new Euro Credit Sustainable fund (including financials) was launched.

Investment Management also offers clients the possibility to set up mandates according to their specific preferences with respect to ESG criteria. In addition, we provide advice to institutional investors who wish to adopt a responsible investment policy or evaluate and refine one that is already in place.

Assets under management in our sustainable equity and fixed income products amounted to EUR 4,052 million at year end 2014, an increase of 18% compared to EUR 3,442 million in the prior year.

Since 2008, Investment Management offers independent review services of external fund managers through Altis. Using a proprietary software platform, Altis' analysts perform detailed analysis on the quality of a manager including its ESG efforts. By the end of 2014,

# €4,052m

**Assets under management of sustainable equity and fixed income products**

more than 100 investment strategies have been assessed with an ESG score card. This score card covers a variety of ESG subjects, ranging from the active ownership efforts of a manager to their environmental and social policies. Clients can also use holdings-based analysis, which shows how the individual holdings of a portfolio scores on ESG factors.

### Advocacy on ESG integration

NN Group works with peers and global organisations to ensure greater awareness of the importance of ESG factors in the insurance and asset management industry, and beyond. For example, Investment Management is co-chair of the Shareholder Rights Committee of the International Corporate Governance Network (ICGN). In this capacity, we responded on behalf of all ICGN members to key public policy initiatives related to corporate governance and shareholder rights. Other investor networks in which we actively participate include Eumedion, the European Fund and Asset Management Association (EFAMA), the PRI, the Pilot Programme Investor Network of the International Integrated Reporting Council (IIRC).

We also contribute to the integration of ESG aspects in training for investors. We have organised events and contributed to several papers related to ESG integration for the CFA Institute. Finally, Investment Management spoke publicly to promote responsible investments at client events as well as events organised by external parties.

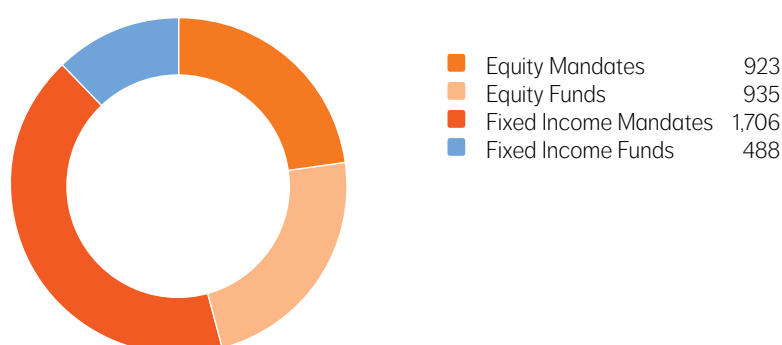
### External recognition

- The Novethic SRI Label was received for the ING (L) Invest Sustainable Equity fund (for the second consecutive year) and the ING (L) Invest Europe Sustainable Equity Fund
- The Globe de la Gestion award was received for the ING (L) Invest Sustainable Equity fund

### Going forward

- Further development of the NN Group Responsible Investment Policy Framework
- Further strengthening of ESG integration across asset classes
- Continue to grow sustainable assets under management and product offering
- Improve tracking and monitoring of engagements with investee companies

### Assets under management in specialised SRI products (in EUR million)



## Empowering our people

# How we are investing in our people to help drive our strategy

### Our employees are the ones who make our purpose and strategy come to life

#### Highlights 2014

- Launch new leadership structure
- Development of NN statement of Living our Values; high recognition level by our employees
- Continuous focus on development of our people

At NN Group, we consider it vital to the success of our company to foster an open, inclusive and stimulating work environment. We are eager to add a human touch to financial services, dedicated to our customers and driven by our purpose of helping to secure our customers' financial futures. Our employees are the ones that make our purpose come to life. We invest in their personal and professional development, and aim to provide them with the tools they need to be successful. We create a work environment that supports their physical and mental well-being. We appreciate effort and reward results. We endorse a culture that respects everyone, in line with our values, and thus creating room for full engagement and making innovation happen. By doing all this, we strive to enable our employees to make a positive impact on people's lives.

NN Group has a performance management policy in place to support and stimulate performance and development by motivating staff with agreements that are based on mutual trust.

We consider it important to have the right people in key positions. We continuously review our talent base to align the skills of our management with the ambition of our businesses. We identified and appointed high-potential leaders to key positions within the company and also hired new talent. More than 40% of our top 150 leadership positions were changed ahead of the initial public offering (IPO).

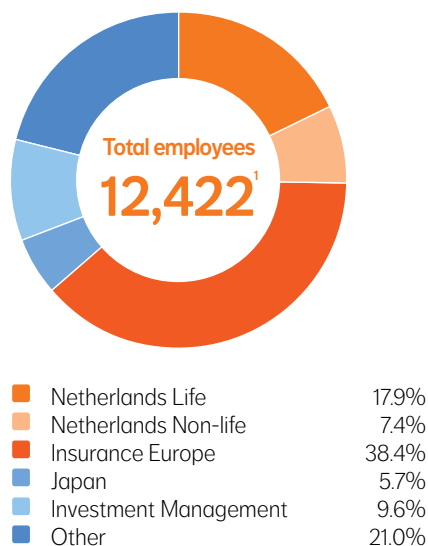
### Equal opportunity and diversity

NN Group is committed to creating equal employment opportunities and ensuring we comply with applicable laws. We extend employment opportunities to all qualified applicants and employees that match job vacancies, and strive to maintain a workplace environment free of discrimination, hostility, and physical or verbal harassment with respect to age, race, gender, religion, disability, or sexual orientation.

For NN Group, focusing on diversity and inclusion is not just about doing the right thing. We believe it to be essential to the future of the company to ensure that our workforce reflects the diversity of the markets in which we operate. The main focus is on gender, internationalisation and generation 2020. This enhances performance, engages employees, and leads to better decision-making and business results.

In 2014, NN Group continued implementing inclusion and diversity initiatives, through local initiatives such as Young boards, the Women in Orange platform for female managers in the Czech and Slovak Republics, and internal international exchanges. We use benchmarks to stay on top of the goals that we would like to achieve.

### Our employee distribution



<sup>1</sup> The total employee number equals 11,890 FTEs.

## €13.6m

invested in learning and development

### Focus on values

In 2014, NN Group focused on building awareness around the new brand and the introduction and understanding of our values. Based on the results of two short pulse surveys, approximately 90% of our employees already recognise our values and approximately 85% know what our values mean in their everyday job.

To be ready for the labour market once the NN Group brand is introduced (in 2015), an Employee Value Proposition (EVP) has been developed to attract and retain talent. The new values are reflected in this EVP.

### Learning and development

A solid professional development curriculum, as well as a leadership curriculum, are offered through the various academies at business level and at corporate level. This is supported by offering a rich e-learning suite containing at least 350 modules at corporate level and by applying a blended learning approach where applicable.

Due to the dynamic environment, our curriculum is kept aligned with actual and future development needs.

## Empowering our people – continued

### Vitality and well-being

At NN Group, we aspire to be a vital and healthy organisation. We pay attention to the level of energy, mental wellness and physical well-being of our employees throughout their career.

We believe in healthy, focused people who are not only happier but also make better decisions, become better leaders, and drive greater value for NN Group. Therefore, we offered a programme called Move yourself. This programme revolves around sport activities, lifestyle and vitality. In 2014, we expanded our vitality programme and organised masterclasses, running events and clinics and increased focus on the mental health of NN Group employees. The participation rate in this vitality programme increased to 38%, compared to 15% in 2013.

### Employee rights and representation

The way in which we consult employees depends on local legislation and culture. In some countries, employee consultation is a legal requirement. In many European countries, it is arranged via works councils. In addition, most employees are covered by a collective labour agreement (CLA).

In total, 71% of NN Group's employees are covered by a CLA. In the Netherlands, this is 99%. Key themes in the Dutch CLA are: employability, appreciation and simplification.

At NN Group level, a Group Works Council and a European Works Council are established. We intend to proactively encourage local employee participation in those European countries where this is not already established. In the Netherlands, works councils are actively involved in restructuring plans within the various businesses in an early stage. Social policy topics are frequently discussed in meetings with the works councils and management. Our dialogue with the works councils accommodates collective interests, sharing information and indirect participation by all employees.

### Employee engagement

In 2013, NN Group formulated a number of focus areas based on the outcomes of the employee engagement survey. These priorities were embedded in local business plans. Examples of specific actions included the Weakest link competition (Investment Management) and iNNovation teams (Greece).

Throughout 2014, progress of implementation was measured in the two short pulse surveys, which showed significant improvement in the focus areas Future and strategy, and Efficiency and collaboration.

The overall engagement level of NN Group employees in 2014 remained at stable 66%, compared to 67% in 2013.

### Restructuring

In the last quarter of 2012, NN Group announced a reorganisation for our operations in the Netherlands, estimating a reduction of 1,350 FTEs over the period 2013–2014. By the end of 2014, this reduction was realised by a combination of employees becoming redundant and by not filling vacancies. The restructuring has led to stronger governance. To guide our people through these challenging processes, we introduced initiatives to provide employees with training, coaching and consulting.

### Remuneration

NN Group wants to be an attractive employer with a remuneration model that is dovetailed to the market. We offer the security of a good fixed salary, as well as a variable remuneration policy, in which customers' interests and the company's performance play significant roles.

The primary objective of NN Group's remuneration policy is to retain and recruit qualified and expert leaders, senior staff and other highly skilled employees. The policy maintains a sustainable balance between short-term and long-term value creation, building on our long-term responsibility towards our customers, society and all other stakeholders.

#### Awards

- Nationale-Nederlanden received the In Company award for Good Employer in the Netherlands
- Vitality award for the Move yourself programme and engagement award in the Netherlands
- Various good employer awards, such as in Poland and Romania

#### Going forward

- Focus on continuous development and employability of our people
- Further embed our values and purpose in our DNA, Employee Value Proposition, leadership profile and performance management systems
- Meaningful manager/employee discussions to drive our performance and customer dedication

# 54/46

Male/female ratio



For more information about remuneration see Financial Report, pages 26–31.

Creating positive change in communities

## How we are working to create better lives for future generations

**By aligning our business and community objectives, we help people secure their financial futures**

### Highlights 2014

- Introduction of new overarching corporate citizenship programme, NN Future Matters
- EUR 1.1 million donated to local good causes
- 4,018 hours volunteered by our employees in community projects
- Successful fourth year of the Foundation Together for Society

At NN Group, we aim to be a positive force in the lives of our customers. We believe this also includes taking responsibility for the well-being of the wider society and supporting the communities in which we operate. This ambition is reflected in our statement of Living our Values, which expresses that we seek positive societal change and champion initiatives that create better lives for generations to come. Through our community investment activities, we connect with our employees, customers and business partners, and aim to address societal needs.

### Our programme: NN Future Matters

Over the past two years, NN Group's community investment activities centred around a variety of themes such as health, (financial) education, environmental care and social welfare, aiming to make a long-term positive impact in local communities. In preparation of our standalone future, we

reviewed our current community investment portfolio to better align it with our strategy, values and brand.

Looking at the different issues that are expected to impact society, combined with the company's strategy and employees' preference, we selected an overarching goal for our corporate citizenship programme. This programme, called NN Future Matters, was introduced in October 2014 and is aimed at improving people's financial well-being in the markets where NN Group operates.

The programme will specifically target youngsters aged 10–25 and underserved groups. To maximise impact, NN Group will start a global partnership with the non-profit organisation Junior Achievement (JA), specialising in financial literacy, entrepreneurship and workforce readiness. JA will offer volunteering opportunities to our employees. NN Group will also sponsor a virtual volunteering project: the JA Social Innovation Relay.

### Junior Achievement Social Innovation Relay



**“JA challenges young people to turn their ideas into action. It's the ground work for meaningful, productive careers and sustainable livelihoods later on. The Social Innovation Relay is a unique learning experience that sparks their entrepreneurial spirit, exposes them to real-world situations and teaches them the day-to-day skills that are required in any job or business.”**

**Caroline Jenner**  
CEO, Junior Achievement – Young Enterprise Europe

## Creating positive change in communities – continued

### Three complementary themes

The objectives of NN Future Matters are to be achieved by focusing on three themes that match NN Group's purpose, our employees' skills and where we believe we can make the most impact.

### Promoting financial empowerment

Improving knowledge about personal finance enables people of all ages to manage their financial lives with confidence. NN Group uses various channels and tools to create awareness, develop knowledge and insight, and help build financial skills. In our activities we particularly focus on young people, because we believe that solid financial habits are best developed at a young age.

A number of business units conducted research into financial behaviour to help build tools that support people to have better oversight and control of their finances (see chapter Optimising customer experience). NN Group also helps people to gain the skills and insight needed to secure their financial future, for example by teaching youngsters about finance and risk.

In the Czech Republic a book was launched for children aged 6–9 years called *Where the money grows*. Almost 8,500 copies were sold. Nearly 3,500 of these are used in primary schools for financial education lessons. Furthermore, research shows low pension awareness

levels with Dutch women. This is another reason for Netherlands Life to organise a dialogue session and workshops for women on pensions.

### Creating economic opportunities

Youth unemployment in Europe is at a record high, with too many young people dropping out of pre-vocational or vocational secondary schools or missing specific skills sets needed in the current economy. This has most impact on youngsters from low-income areas and who lack positive role models; they have fewer opportunities to develop economically, personally and socially. By offering time and money, NN Group wants to prepare them with valuable skills and experience to increase their opportunities in the labour market.

In the Netherlands, we have partnered with the youth development organisation JINC to help youngsters in choosing the right course of study and preparing them for the labour market. A number of Dutch colleagues gave job application training to prepare vocational secondary school students to find a good (part-time) job or internship. On our listing day, NN Group donated EUR 50,000 to JINC to be used to open an office in The Hague, the location of NN Group's headquarters as of mid-2015.

Another way of creating economic opportunities is through encouraging entrepreneurship. We support projects

that create awareness and develop entrepreneurial skills. We contribute by donating funds, as well as offering our networks and mentoring. For example, in the Netherlands young creative self-employed people were enabled to take a step in their career and empowered to present their work and their ideas. In particular, we support the development of young entrepreneurs and business ventures with a social impact. Therefore, NN Group sponsored the European Enterprise Challenge, hosted by Junior Achievement, and granted a special prize, the NN Care & Impact award.

### Alleviating financial distress

In otherwise prosperous societies, formal social support services are sometimes unable to fully reach out to disadvantaged communities and the underserved. NN Group helps to bridge this gap by raising funds for a number of local charities that focus on families with children that live in challenging financial circumstances.

NN Bank introduced a credit card that donates 10 eurocents for each transaction to the LINDA.foundation, a charity that helps families, with children, in financial distress. In Greece, as part of the Live Well philosophy, activities are organised that aim to provide relief and support to families and citizens in distress. Financial assistance and volunteer work are offered to improve the lives of people in local communities.



## Creating positive change in communities – continued

### Local themes

In addition to the community investment themes under the NN Future Matters umbrella, our businesses and foundations support a broad scope of local initiatives with a focus on health, environmental care, and social welfare. Successes are achieved not only through cash and in-kind donations, but also via active involvement of employees as volunteers.

#### Supporting health

To prevent and reduce the risk of personal health difficulties, NN Group aims to support and encourage healthy behaviour among our employees, our customers and in society. We promote healthy lifestyles, invest in research and support charities that help people who suffer from, or who are recuperating from, life-threatening illnesses.

#### Environmental care

NN Group's commitment to environmental care is shared by many of our employees. They are involved in activities such as recycling campaigns, planting trees in public spaces or acting as volunteers in city parks.

#### Social welfare

In terms of community investment, social welfare means NN Group providing personal care, protection or social support services to children, as well as to adults with needs arising from illness, disability, old age or poverty.

#### Supporting employees' choices

NN Group has set up funds in several countries to enable employees and customers to support causes close to their hearts that cover a wide range of themes.

# 5%

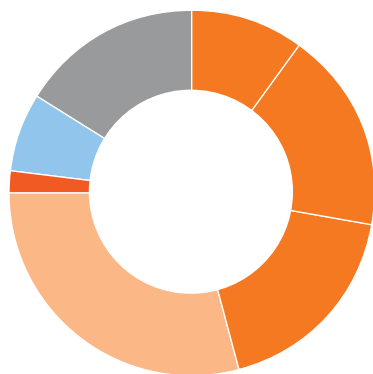
of employees volunteered during working hours

#### Going forward

- Roll out our corporate citizenship programme Future Matters in all countries
- Start the Social Innovation Relay together with Junior Achievement
- NN Future Matters goals for 2020:
  - 100,000 youngsters positively impacted through our efforts
  - EUR 2 million donated to local charitable organisations
  - 30% of total employees actively contributing
  - 70% of total charitable giving towards priority themes

Corporate foundations (country/name)	Donations (x EUR 1,000)	Supported organisations
Hungary/NN Foundation for Children's Health	26	22
Spain/Adecco	35	6
Romania/Foundation for Life	142	11
The Netherlands/Together for Society	264	225

### Charitable donations by theme\*



■ Future Matters	46%
Education and workforce readiness	10%
Social welfare and poverty reduction	18%
Financial education and entrepreneurship	18%
■ Health	29%
■ Nature and animals	2%
■ Disaster relief	0%
■ Arts and culture**	7%
■ Other	16%

In 2014, the donations of NN Group and our local businesses amounted to a total of EUR 1,072,000. These donations were distributed to a wide range of charitable causes with different themes.

#### Charitable donations

# €1.1m

\* Includes cash and in-kind donations to charitable causes, corporate foundations and partnerships.

\*\* Cultural partnerships and sponsorships are not included. Refer to the In society section on [www.nn-group.com](http://www.nn-group.com) for more information on how we support arts and culture.

## Managing our environmental footprint

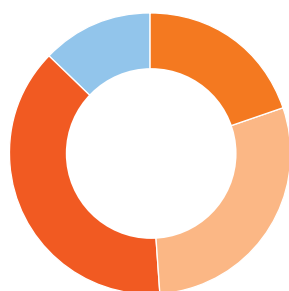
# How we are working to reduce our use of natural resources

### We focus on energy efficiency and seek green alternatives in our purchasing

#### Highlights 2014

- Renewed renewable energy contract in the Netherlands
- Strengthened sustainability in procurement process
- Decrease of 38% in total CO<sub>2</sub> emissions

#### Energy consumption



Electricity	20%
Renewable electricity	29%
Natural gas	38%
Fuel oil	0%
District heating	13%

At NN Group, we take our responsibility to the environment seriously. This is also reflected in our values. We care means we respect each other and the world we live in. That is why NN Group avoids or responsibly manages any negative impact our business activities may have on people or the environment, and seeks positive change in society.

#### Environmental footprint

We aim to effectively manage our direct footprint by reducing the use of natural resources, seeking green alternatives and ultimately compensating for the remainder of our carbon footprint. Making responsible choices in our procurement contributes to this. In our approach we focus on energy and business travel efficiency, paper use reduction, and we encourage recycling.

#### Energy efficiency

Especially in countries where renewable energy is still difficult to purchase, NN Group's facility management teams are continuously working to improve the energy efficiency of our buildings. In 2014, the following measures were taken:

- Implementation of more efficient cooling systems and better energy controlling parameters in our main buildings in the Netherlands.
- NN Group's data centres were contracted at Telecity, a sustainable partner which was granted the Sustainability Leaders Awards in Energy Efficiency in 2013.
- In Romania, implementation of better system to monitor energy consumption.
- In Spain, implementation of LED system in office common areas.
- Replacement of the HVAC system with new technology, and installation of LED systems to 6,000m<sup>2</sup> of office premises in Greece.

Increasingly, the buildings in which NN Group's business units are located contain green labels, such as BREAAAM, LEED or Green star. Currently around 80% of NN Group's local head office buildings contain a green label.

Greece's local head office gained the Silver Award in the category Bioclimatic Building upgrading of the Greek Environmental Awards 2014. In the Netherlands, NN Group made a successful contribution to the DESSO Take Back™ programme by making 105,624kg of carpet available for reuse from our Rotterdam building.

#### Business travel efficiency

In 2014, NN Group introduced a new travel policy including aspects that are aimed at reducing air travel. Besides financial benefits this new policy positively influences our environmental footprint. Our Spanish operations replaced internal business flights with train travel.

Furthermore, in 2014 NN Group encouraged our staff to drive electric cars and installed additional charging stations at our offices in the Netherlands. This new strategy aims to further decrease our CO<sub>2</sub> emissions as of 2015.

#### Carbon neutrality

In 2014 the total CO<sub>2</sub> emissions from our business decreased by 38%. This decrease is due to energy efficiency measures and ongoing organisational restructuring of our operations. We offset the remainder of our emissions through the purchase of Voluntary Carbon Units (VCUs). As a result, we achieved 100% carbon neutrality over 2014.

#### Awareness and monitoring

Through various campaigns, and across business units, the internal awareness of environmental care was raised. For instance, personal bins were replaced with intelligent waste management systems and old mobile phones and batteries were gathered to be recycled by dedicated eco companies. Going forward, we intend to further strengthen the monitoring of our environmental programmes by using dedicated online measurement systems.

## Managing our environmental footprint – continued

### Sustainable procurement

With an annual spend of EUR 965 million on suppliers, with a fair amount in IT, Facility Management, Real Estate and Professional Services, NN Group has an opportunity to drive sustainability through our supply chain. By encouraging suppliers to share our standards and work towards continuous improvement, we believe we can make an impact on the environment and society while mitigating risks.

NN Group is a signatory of the Sustainability Manifesto, which declares that we apply environmental and social criteria to our procurement process and will notify potential suppliers of the application of these criteria.

Sustainability is an integral part of NN Group's procurement policy and General Purchasing Terms and Conditions that are applicable to all business units. The policy includes environmental and social aspects and makes a reference to the UN Global Compact principles.

In 2014, a new supplier qualification questionnaire was introduced, including sustainability aspects such as human rights, labour rights and environmental care. Furthermore, it is part of the Request for Information (RFI) and Request for Proposal (RFP) process. More and more, NN Group's sustainability standards are included in the contracts with our suppliers.

#### Engagement and monitoring

In 2013, NN Group partnered with a provider to assess the sustainability performance of suppliers. The platform is embedded in the RFP process for suppliers of facility management services in the Netherlands and will be expanded to other procurement categories going forward. The platform enables NN Group to connect with sustainable suppliers through a database of assessed organisations. Furthermore it provides verification services for assurance of suppliers' sustainability commitments and claims.

#### Going forward

- Further decrease CO<sub>2</sub> emissions
- Increase percentage of renewable electricity purchased
- Continue engagement with and screening of suppliers
- Increase awareness amongst employees in all countries

### Successful contribution to recycling



Millions of square metres of worn out carpet are thrown away every year, often burned or dumped at landfill sites, leading to the destruction of valuable raw materials. Through a great partnership between stakeholders, NN Group made a successful contribution to the reuse of carpet from our office premises in Rotterdam, the Netherlands. The carpet tiles were separated at Desso's innovative Refinity® plant. The yarn was sent back to a yarn supplier for recycling and will be used for new carpets. All other material was sold to the cement industry.

**105,624kg**  
of carpet available for reuse

## Performance data

## Financial and non-financial indicators

## Financial indicators (in EUR million)

	2014	2013	Change
Operational result ongoing business	1,086	905	20.0%
Net result (after attribution minority interest)	588	322	82.6%
Net operating ROE	8.6%	8.9%	
IGD Solvency I ratio	303%	250%	
New sales life insurance (APE)	1,315	1,227	7.2%
Investment Management Assets under Management (end of period, in EUR billion)	186	174	6.9%
Dividend proposal (per ordinary share, in EUR)	0.57		
NN Group share price (COB 31 December 2014)	24.85		

## Customer-related indicators (in EUR million)

	2014	2013	Change
Total claims and benefits paid	11,982	12,653	-5.3%
New sales life insurance (APE)	1,315	1,227	7.2%
Gross premium income	9,340	9,530	-2.0%
Customer satisfaction and loyalty			
Insurance business units using NPS	85%	85%	
Insurance business units scoring on/above market average	70%	n.a.	
Countries offering tools improving financial decision-making (#)	13	12	

## Responsible investment indicators (in EUR million)

	2014	2013	Change
Sustainable Assets under Management	4,052	3,442	17.7%
as part of total Assets under Management	2.2%	2.0%	
SRI funds			
ING Duurzaam Aandelen Fonds	539	201	168.2%
ING (L) Invest Europe Sustainable Equity Fund	128	41	212.2%
ING (L) Invest Sustainable Equity Fund	268	178	50.6%
ING (L) Renta Fund Euro Credit Sustainable	457	479	-4.6%
ING (L) Renta Fund Euro Credit Sustainable (including financials)	31		
Subtotal	1,423	899	58.3%
Mandates			
Sustainable Fixed Income Mandates	1,706	1,768	-3.5%
European Sustainable Equity Mandates	286	240	19.2%
Global Sustainable Equity Mandates	637	535	19.1%
Subtotal	2,629	2,543	3.4%
Shareholders meetings voted at (#)	1,699	1,315	29.2%
Agenda items on which voted (#)	20,005	15,426	29.7%

## Performance data – continued

### Human capital indicators

	2014	2013	Change
<b>Workforce (end of year)</b>			
Total full-time equivalents (FTEs)	11,890	n.a.	
Total number of employees (headcount)	12,422	14,666	-15.3%
Netherlands Life <sup>1</sup>	2,222	5,595	
Netherlands Non-life <sup>1</sup>	918		
Insurance Europe	4,775	4,401	8.5%
Japan (including Closed block)	706	787	-10.3%
Investment Management	1,188	1,516	-21.6%
Korea (2013 only)		1,030	
Other <sup>1</sup>	2,613	1,337	
Part-time employees	24.9%	26.7%	
Temporary employees	5.2%	3.9%	
Male/female ratio (%)	53.5/46.5	51.5/48.5	
Male/female ratio Top 50 (%)	80/20	75/25	
<b>Well-being and engagement</b>			
Sick leave <sup>2</sup>	2.6%	2.8%	
Engagement score <sup>3</sup>	66%	67%	
Participation in engagement survey	62%	82%	
<b>Employee participation</b>			
Employees covered by a collective labour agreement (CLA)	71%	n.a.	
<b>Complaints</b>			
Grievances on labour practices <sup>2</sup>	7	12	-42%
<b>Talent development</b>			
Total spending on training and education (in EUR million)	13.6	14.0	-2.9%
Spending/average FTE (in EUR)	1,047	954	9.7%
Employees with completed standard performance process	90%	n.a.	
<b>Employee compensation</b>			
Total employee wages and benefits (in EUR million) <sup>4</sup>	1,100	1,111	-1.0%

### Community investment indicators

	2014	2013	Change
Total donations to charitable organisations (x EUR 1,000)	1,072	1,172	-8.5%
Total hours of volunteering work	4,018	3,350	19.9%
Total number of employees participating in volunteering work	533	430	24.0%

<sup>1</sup> Due to a different business structure in 2014, compared to 2013, not all detailed data are comparable.

<sup>2</sup> Data only available for the Netherlands (>50% of total number of employees).

<sup>3</sup> In 2014, two pulse surveys were conducted, whereas in 2013 NN Group took one survey. The 2014 differed in one question from the 2013 survey. In 2014 the survey included our business in Japan, whereas in 2013 it did not.

<sup>4</sup> Excluding pension costs. For more details on the composition of employee wages and benefits, refer to note 27 of the Consolidated annual accounts.  
n.a. = not available

## Performance data – continued

### Environmental indicators

	2014	2014/CO <sub>2</sub>	2013	2013/CO <sub>2</sub>	Change
Total CO <sub>2</sub> emissions (kilotonne)	18	18	29	29	-38%
CO <sub>2</sub> emissions/FTE (kilotonne)	1.4		2.5		-44%
Business travel – air travel (km x 1 million)	23	4	24	4	-4%
Business travel – car travel (km x 1 million)	12	2	53	10	-77%
Total energy consumption (MWH x 1,000)	55	12	75	15	-27%
Electricity	11	6	15	8	-27%
Renewable electricity	16		27		-41%
Natural gas	21	4	18	4	17%
Fuel oil					
District heating	7	2	15	3	-53%
Total paper use (kg)	803,444				
Sustainable paper (i.e. FSC) (kg)	527,624				
Total waste (kg)	906,965				
Recycled waste (kg)	131,691				

### Sustainability ratings

	2014	2013	Change
Position in Sustainalytics rating (out of 93)	11th		

## About this Sustainability Report

### Our approach to reporting

We take a holistic approach to corporate reporting. Our Annual Report consists of three components: Annual Review, (statutory) Financial Report and (this) Sustainability Report.

We adopt a combined reporting strategy, which enables us to tailor our reporting for different stakeholders, many of whom require different depths of information.

The online (pdf) versions of the components of our report contain a number of links between the Sustainability Report and other components, more specifically the Annual Review. Links to sources on the NN Group website are also included.

### Reporting profile

This is NN Group's first standalone Sustainability Report, after having been part of ING Group's reporting for many years. We report annually, on a calendar year basis (January 1–December 31).

### Reporting process

Relevant topics were selected for the 2014 Sustainability Report, through a materiality assessment using internal and external research and sources. In addition, a survey and interviews were held with various stakeholders.

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

The content has also been reviewed for limited assurance by our external auditor, Ernst & Young Accountants LLP. Please refer to their assurance report on pages 30–31.

### Boundary and scope of the reported data

We define boundary as the range of entities over which NN Group has management control. The scope for community investment and environmental data is all business units with more than 100 FTE.

NN Group used an online system (Credit360) for gathering the information and data on community investment and our environmental footprint. We have sourced the HR data directly from the HR data analytics department. The financial data reported in this report has been fully sourced and aligned with NN Group's 2014 Financial Report.

### Reporting guidelines

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

The GRI Index table states the indicators NN Group is reporting on, including where to find the respective information, either in this Sustainability Report, the Annual Review, Financial Report and/or the NN Group website. The index table can be found on [www.nn-group.com/annual-report](http://www.nn-group.com/annual-report)

### Going forward

Going forward, NN Group will continue to tailor our reporting to service different stakeholders, many of whom require different depths of information. This includes further integration of financial and non-financial information and indicators to provide our stakeholders with a complete picture of our company's performance.

# Assurance report of the independent auditor

## To: the Stakeholders and the Supervisory Board of NN Group N.V.

We have reviewed the sustainability information in the Annual Review's chapters 'At a glance', 'CEO statement', 'Our strategy' and the 'Sustainability Report' of the Annual Report for the year 2014 (hereafter: the Report) of NN Group N.V., Amsterdam (hereafter: NN Group). The Report comprises a description of the policy, activities, events and performance of NN Group relating to sustainability during the reporting year 2014.

## Limitations in our scope

The Report contains prospective information, such as ambitions, strategy, targets, expectations and projections. Inherent to this information is that actual future results may be different from the prospective information and therefore may be uncertain. We do not provide any assurance on the assumptions and feasibility of this prospective information.

The GRI index 2014 as published on [www.nn-group.com](http://www.nn-group.com) is an integral part of the Report and is within our engagement scope. Other references in the Report (to [www.nn-group.com](http://www.nn-group.com), external websites and other documents) and the corresponding non-financial information for the year 2013 are outside the scope of our assurance engagement.

## Responsibilities of the Executive Board for the Report

The Executive Board of NN Group is responsible for the preparation of the Report in accordance with the "Sustainability Reporting Guidelines" G4 (option Core) of the Global Reporting Initiative (GRI) and the reporting criteria developed by NN Group as disclosed in the chapter 'About this report' of the Report, including the identification of the stakeholders and the determination of material issues. The disclosures made by management with respect to the scope of the Report are included in the chapter 'About this Sustainability Report' of the Report.

Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

## Our responsibility for the review of the Report

Our responsibility is to express a conclusion on the Report based on our review. We conducted our review in accordance with Dutch law, including the Dutch Standard 3810N 'Assurance engagements relating to sustainability reports. This Standard is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information'. This requires that we comply with ethical requirements and that we plan and perform the review to obtain limited assurance about whether the Report is free from material misstatement.

A review is focused on obtaining limited assurance. The procedures performed in obtaining limited assurance are aimed at the plausibility of information which does not require exhaustive gathering of evidence as in engagements focused on reasonable assurance. The performed procedures consisted primarily of making inquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. Consequently a review engagement provides less assurance than an audit.

## Assurance report of the independent auditor – continued

### Procedures performed

Our main procedures included the following:

- Performing an external environment analysis and obtaining an understanding of the sector, relevant social issues, relevant laws and regulations and the characteristics of the organisation;
- Evaluating the acceptability of the reporting policies and their consistent application, such as assessment of the outcomes of the stakeholder dialogue and the reasonableness of accounting estimates made by management;
- Evaluating the in accordance option with the "Sustainability Reporting Guidelines" G4 (option Core) of GRI;
- Evaluating the design and implementation of the systems and processes for data gathering and processing of information as presented in the Report;
- Interviewing management (or relevant staff) at corporate and business division level responsible for the sustainability strategy and policies;
- Interviewing relevant staff responsible for providing the information in the Report, carrying out internal control procedures on the data and the consolidation of the data in the Report;
- Evaluating internal and external documentation, in addition to interviews, to determine whether the information in the Report is reliable;
- Analytical review of the data and trend explanations submitted for consolidation at group level.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Conclusion

Based on our procedures performed, and with due consideration of the limitations described in the paragraph 'Limitations in our scope', nothing has come to our attention that causes us to conclude that the sustainability information in the Report, in all material respects, does not provide a reliable and appropriate presentation of the policy of NN Group for sustainability, or of the activities, events and performance of the organisation relating to sustainability during 2014, in accordance with the "Sustainability Reporting Guidelines" G4 (option Core) of the Global Reporting Initiative (GRI) and the reporting criteria developed by NN Group as disclosed in the chapter 'About this Sustainability Report' of the Report.

Amsterdam, 16 March 2015

Ernst & Young Accountants LLP

Signed by drs. R.J. Bleijs RA

## Principles for Sustainable Insurance

# Progress report



**PSI**  
Principles for Sustainable Insurance

### Progress report 2014

In June 2012, we joined 30 other leading insurance companies and became a founding signatory of the UN Principles for Sustainable Insurance. We report on our progress in implementing the principles in our business operations throughout the NN Group Sustainability Report.

The overview below provides a selection of examples from this progress report, including references to the relevant pages in this report.

We will embed in our decision-making environmental, social and governance issues, relevant to our insurance business

#### Goals

Offer insight, tools and programmes to improve consumers' financial decision-making

Maintain an up-to-date Environmental and Social Risk (ESR) policy framework

As part of ING's separation process, we will develop a refined set of ambitions, goals and performance indicators for our insurance and investment management business

#### Progress 2014

We developed online and offline platforms for knowledge sharing and supporting people in securing their financial futures (pages 10–13).

We introduced an overarching Responsible Investment Policy Framework for NN Group, setting out our vision and approach on integrating ESG factors into our investment process (pages 14–18).

Within NN Group a Corporate Citizenship team has been put in place that is continuously working on further defining our strategy direction (pages 2–5).

We will work together with clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions

#### Goals

Aim to increase our sustainable assets allocated

Manage our direct footprint and review our procurement process in order to create more sustainable practices

#### Progress 2014

Our sustainable assets under management increased by 18% to EUR 4.1 billion, compared to 2013 (page 18).

The total extrapolated amount of carbon emissions from our business operations decreased by 38% compared to 2013. NN Group strengthened the embedding of sustainability in the procurement policy and process (pages 24–25).

## Principles for Sustainable Insurance – continued

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues

### Goals

Engage with stakeholders on general developments or more specific issues

Promote sustainable insurance amongst key stakeholders

Strive to create positive change in communities and increase our employee participation in NN Group's community investments initiatives

### Progress 2014

We entered into dialogue with various stakeholders on various topics (pages 7, 16–17). We also published reports on sustainability topics ([www.ingim.com](http://www.ingim.com)).

We are an active member of various (inter)national networks (pages 5, 18). We aim to contribute to positive change as we support investee companies to seek improvement in ESG practices (pages 16–17).

Total funds raised in 2014 for charitable organisations was EUR 1.1 million. Introduction of a new corporate citizenship programme for NN Group.

We will demonstrate accountability and transparency in regularly disclosing publicly on our progress in implementing the principles

### Goals

Ensure public disclosure of our sustainability objectives, and the progress we make, in our annual reporting

### Progress 2014

NN Group published our 2014 Sustainability Report in parallel with our Financial Report. This table serves as a cross-reference to the relevant sections in this report and our website.



## UN Global Compact

## Progress report

UN Global Compact	NN Group commitment	Performance
<b>Principle 1</b> Business should support and respect the protection of internationally proclaimed human rights	<p>The NN statement of Living our Values includes the commitment to respect human rights.</p> <p>Human rights are an integral part of NN Group's Investing responsibly Policy Framework and ING's ESR Framework and apply to all economic sectors that we conduct business with.</p> <p>We ask our suppliers to agree to comply with the UNGC principles that promote human rights, fair labour practices, environmental protection, and anti-corruption.</p> <p>NN Group is a member of the CRO Forum. Its sustainability working group published a paper on how the United Nations guidelines on business and human rights can be applied in the insurance sector.</p>	NN statement of Living our Values NN Group Responsible Investment Policy Framework ING's Environmental Social Risk Framework Sustainable Procurement NN Group memberships
<b>Principle 2</b> Business should ensure that they are not complicit in human rights abuses	<p>The NN statement of Living our Values includes the commitment to respect human rights.</p> <p>Human rights are an integral part of NN Group's Responsible Investment Policy Framework and ING's ESR Framework and apply to all economic sectors that we conduct business with.</p> <p>We ask our suppliers to agree to comply with the UNGC principles that promote human rights, fair labour practices, environmental protection, and anti-corruption.</p> <p>NN Group is a member of the CRO Forum. Its sustainability working group published a paper on how the United Nations guidelines on business and human rights can be applied in the insurance sector.</p>	NN statement of Living our Values NN Group Responsible Investment Policy Framework ING's Environmental Social Risk Framework Sustainable Procurement NN Group memberships
<b>Principle 3/ILO Conventions 87 and 98</b> Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	<p>The NN statement of Living our Values includes the commitment to respect human rights advocate equal opportunities and encourage diversity of thinking.</p> <p>At NN Group, we uphold the freedom of association for all our employees and recognise the right to collective bargaining.</p> <p>We ask our suppliers to agree to comply with the UNGC principles that promote human rights, fair labour practices, environmental protection and anti-corruption.</p>	NN statement of Living our Values NN Group Responsible Investment Policy Framework ING's Environmental Social Risk Framework Sustainable Procurement
<b>Principle 4/ILO Conventions 29 and 105</b> Business should support the elimination of all forms of forced and compulsory labour	<p>The NN statement of Living our Values includes the commitment to respect human rights.</p> <p>Human rights are an integral part of NN Group's Responsible Investment Policy Framework and ING's ESR Framework and apply to all economic sectors that we conduct business with.</p> <p>We ask our suppliers to agree to comply with the UNGC principles that promote human rights, fair labour practices, environmental protection and anti-corruption.</p>	NN statement of Living our Values NN Group Responsible Investment Policy Framework ING's Environmental Social Risk Framework Sustainable Procurement
<b>Principle 5/ILO Conventions 138 and 182</b> Business should support the effective abolition of child labour	<p>The NN statement of Living our Values includes the commitment to respect human rights.</p> <p>We ask our suppliers to agree to comply with the UNGC principles that promote human rights, fair labour practices, environmental protection and anti-corruption.</p>	NN statement of Living our Values NN Group Responsible Investment Policy Framework ING's Environmental Social Risk Framework Sustainable Procurement
<b>Principle 6/ILO Conventions 100 and 111</b> Business should support the elimination of discrimination in respect of employment and occupation	<p>The NN statement of Living our Values includes the commitment to respect human rights.</p> <p>At NN Group, we believe it is right for the composition of our workforce to reflect that of society and for our people to bring a diversity of talents, beliefs and perceptions to their work.</p>	NN statement of Living our Values NN Group Diversity and Inclusion policy

## UN Global Compact – continued

UN Global Compact	NN Group commitment	Performance
<b>Principle 7</b> Business should support a precautionary approach to environmental challenges	The NN statement of Living our Values includes the commitment to respect each other and the world we live in.  NN Group's Responsible Investment Policy Framework and ING's ESR Framework aims to mitigate environmental and social risk of our business activities.  NN Group's Procurement policy includes environmental aspects.  NN Group's environmental approach aims to minimise the environmental impact of our own operations.	NN statement of Living our Values NN Group Responsible Investment Policy Framework ING's Environmental Social Risk Framework Sustainable Procurement Managing our environmental footprint
<b>Principle 8</b> Business should undertake initiatives to promote greater environmental responsibility	The NN statement of Living our Values includes the commitment to respect each other and the world we live in.  NN Group's Responsible Investment Policy Framework and ING's ESR Framework aims to mitigate environmental and social risk of our business activities.  NN Group's Procurement policy includes environmental issues, this is to ensure environmental sustainability.	NN statement of Living our Values NN Group Responsible Investment Policy Framework ING's Environmental Social Risk Framework Sustainable Procurement
<b>Principle 9</b> Business should encourage the development and diffusion of environmentally friendly technologies	Growth in the sustainable assets under management that represent business conducted with sustainability criteria.	Responsible investment Sustainable assets under management 2014
<b>Principle 10</b> Businesses should work against corruption in all its forms, including extortion and bribery	The NN statement of Living our Values includes the commitment to act with integrity.  NN Group has zero tolerance towards bribery and corruption and has clear policies on this.  NN Group implements a corporate policy on Financial Economic Crime (FEC).	NN statement of Living our Values Governance and Compliance

# Contact and legal information

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This report is available as a pdf file on  
[www.nn-group.com/annual-report](http://www.nn-group.com/annual-report)

## Prepared by

NN Group Corporate Communications and Affairs

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For further information on NN Group's sustainability strategy, policies and performance, visit [www.nn-group.com/In-society.htm](http://www.nn-group.com/In-society.htm)

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## Disclaimer

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