

Sustainability at NN Group Risk

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NN Group Risk

NN Group & Sustainability Strategy

Known for customer engagement, talented people and contribution to society

NN Group can make a real difference by supporting our 18 million **customers** and contributing to the transition to a **sustainable economy**

It is also our ambition to be known for our talented **people** and contribution to **society**

We believe that this approach allows us to deliver solid long-term returns for **shareholders**

Embedding ESG throughout the organisation and **governance** structure is key to achieving our objectives

Providing relevant **products and services** to support **customers** through the challenges of today and tomorrow

Contributing to the transition to a sustainable economy by **investing our assets responsibly**

Inclusive and open working environment for 15,000 **employees**

Contributing to the **communities** in which we live and operate

Maintaining a strong balance sheet

Embedding ESG in the organisation

Contributing to the SDGs

Healthy and safe living



Sustainable planet



Inclusive economy



Sustainability related regulation EU

Expected disclosure on product, legal entity and group on sustainability characteristics

SFDR

Sustainable Finance Disclosure Regulation (SFDR) lays down harmonised rules for financial market participants when disclosing sustainability related information on the financial products that they market.

EUT

EU Taxonomy (EUT) Is designed to map out the European economy in order to identify, in a standardised and transparent manner, the percentage of business activity which aligns with sustainability objectives.'

IDD

Insurance Distribution Directive (IDD) regulates how insurance products are designed and distributed in the EU. It aims to ensure that distributors take responsibility for consumer outcomes and that the products sold meet consumers' needs.

Mifid II

Markets in Financial Instruments Directive (MIFID) regulates how to integrate sustainability factors, risk and preferences into investment firms' organisational requirements and operating conditions.

Solvency II

Enhance economic and financial resilience to sustainability risks by taking further steps with regard to micro and macro-prudential regulations in insurance and pensions.

CSRD

Corporate Sustainability Reporting Directive (CSRD) ensures that the sustainability data of companies is available, reliable and comparable. It aims to bring sustainability reporting up to the same level as financial reporting.

Effective Control Framework

Updated ECF for incorporation of sustainability related risks

Risk Appetite

NN Group has nine **Risk Appetite statements** for overall risk taking. They have a direct relationship with the risk classes in NN Group's risk taxonomy: they describe how NN Group weighs strategic decisions and communicates its strategy to key stakeholders and BU CEOs with respect to risk taking.

Operationalised risk metrics are the qualitative and quantitative boundaries (limits and tolerances) around risk taking, consistent with the risk appetite statements.

BUs should define their own metrics, consistent with NN Group's risk appetite.

ECF Scope & General Principles

NN has defined and categorized its generic inherent risk landscape on two risk type levels. These are clustered in risk classes. ECF covers this **NN Group Risk Taxonomy**: Emerging/Strategic, Financial and Non-Financial risks.

NN manages these risks based on principles codified in the **General Principles Risk Management & Internal Control** that is part of the Policy House – Governance section.



Policies & Standards

To the extent MB NN Group deems necessary, the nine risk appetite statements are for certain risk types further detailed through company-wide **Policies**. They are thus principle-based expressions of risk appetite that include:

- **Control objectives**, which define the direction and extent to which inherent risks in scope of the policy should be mitigated;
- **Minimum requirements**, meaning a judgment call should always be made whether the requirements are indeed sufficient to mitigate the associated risks locally, or that more should be done.

NN Group also defines a number of **Standards** that include requirements that all business units must adhere to regardless of the level of risk.

Transition Risks towards Net Zero CO₂ portfolios

Commitments will enable us to become a Net Zero Insurance Group in all areas in 2050

Own Operations



NN Scope 1 & 2

Investments

The GLOBAL GHG ACCOUNTING & REPORTING Standard FOR THE FINANCIAL INDUSTRY

Paris Alignment



PCAF
Partnership for Carbon Accounting Financials

NN Scope 3

BUILT ON GHG PROTOCOL

Underwriting

Global GHG Accounting and Reporting Standard for the Insurance Industry

Progress Report for Consultation – 14 July 2022

Net Zero Insurance Alliance

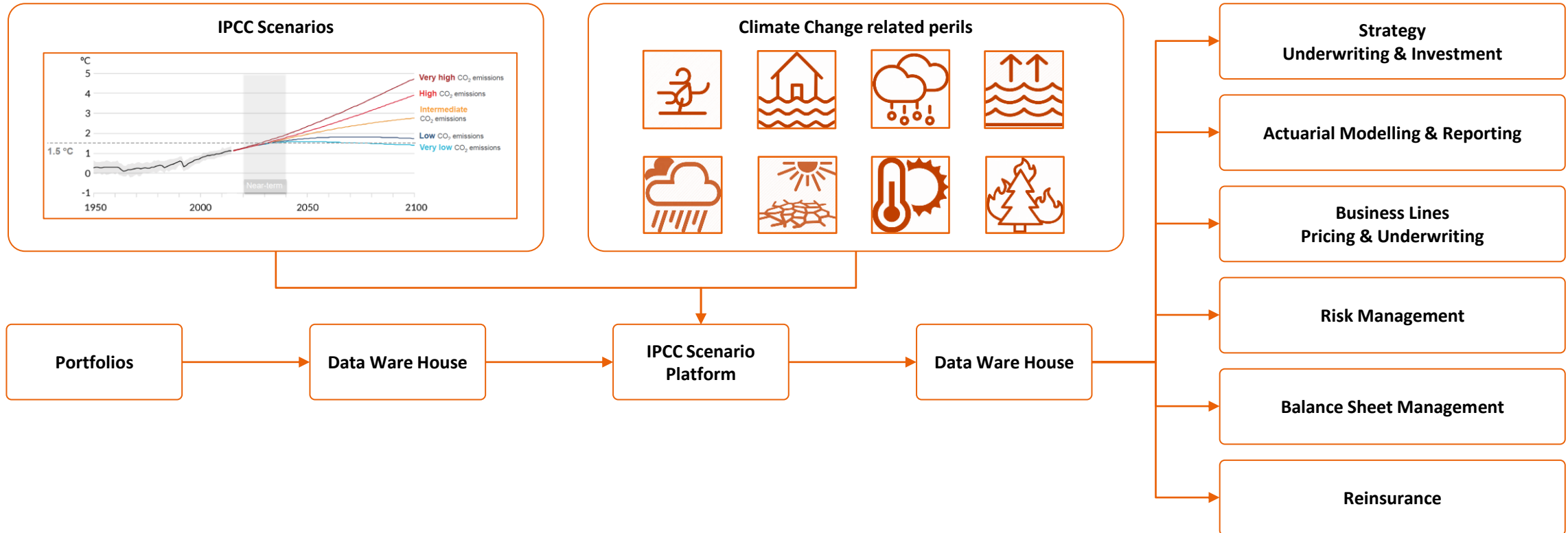


PCAF
Partnership for Carbon Accounting Financials

NN Scope 3

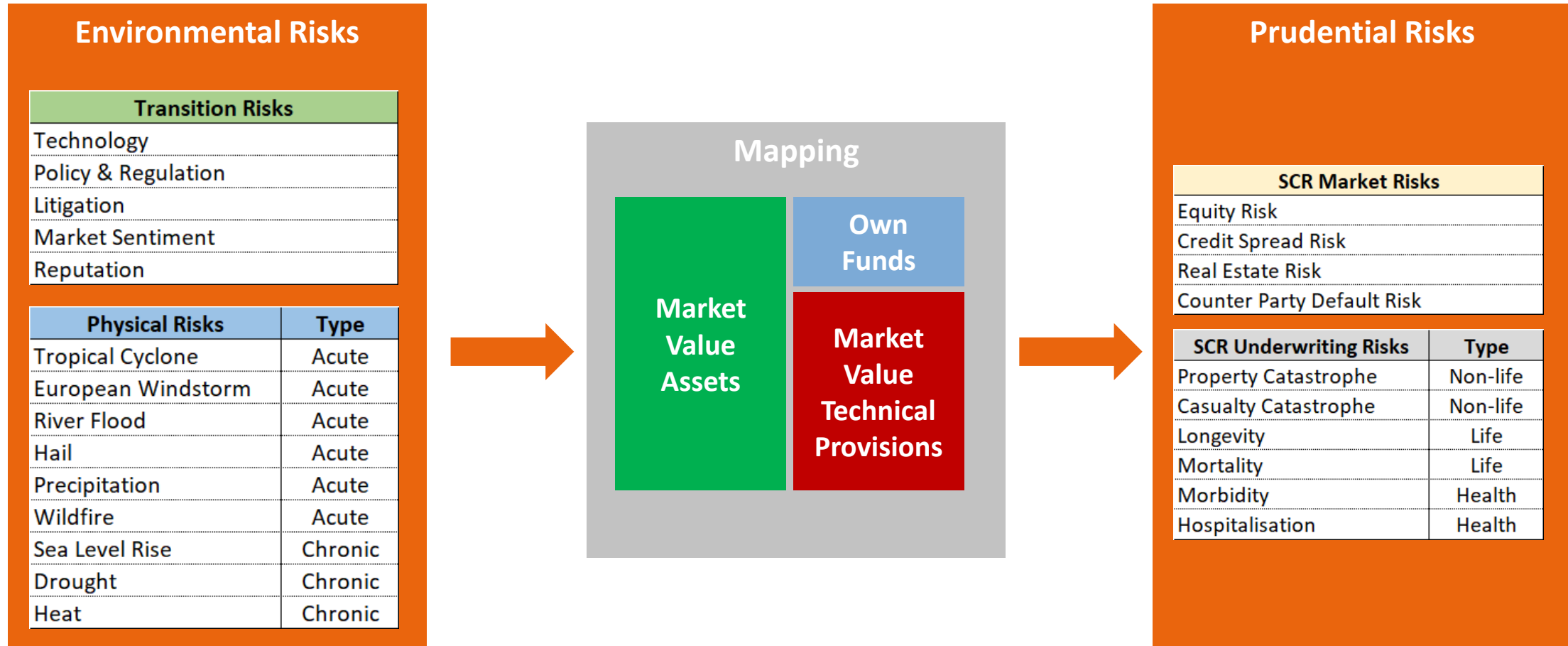
Physical Risks as a result of Climate Change

Projection of IPCC Scenarios on portfolios will create new insights!



ESG Materiality Assessment

Environmental Risks can be linked to Prudential Risks (EIOPA Opinion BoS-21-127 of 19 April 2021)



Questions?