Caring for what matters most

NN Group N.V.
Annual Report 2023

Contents

1 About NN

About this report

The Integrated Annual Report 2023 of NN Group N.V. (NN) provides an overview of NN's strategic and financial performance over the past year in a way that is concise, accurate and balanced. This report is intended to inform our stakeholder groups: customers, shareholders, employees, business partners, regulators and society at large. We aim to show how we create sustainable long-term value.

Purpose

This report brings together relevant information about our strategy, governance and performance in a way that reflects the current economic, environmental and social contexts. We share information about our company, our strategy and our business performance, including our value creation model and double materiality assessment in the sections About NN, Our operating environment, and Our strategy and performance. We show how we create sustainable long-term value and our approach to combating climate change in the sections Creating value for our stakeholders and Managing our risks. Our financial statements are included in the section Annual Accounts.

This report is published on 21 March 2024 and covers the year from 1 January to 31 December 2023.

Relevant topics and materiality

We take into account the sustainability matters (refer to page 14 and 15 for the definition) that have a material impact on our stakeholders and that are financially material on our business. Our material sustainability matters were selected as part of our double materiality assessment process to advance our reporting in the Annual Report 2023 and help us prepare for Corporate Sustainability Reporting Directive (CSRD) implementation for 2024. Our double materiality assessment uses internal and external input, including a survey with internal and external stakeholders and several expert sessions. Read more on page 11.

Preparation

This Integrated Annual Report is prepared in accordance with applicable Dutch law and the International Financial Reporting Standards as endorsed by the European Union (IFRS-EU). The non-financial information and data is prepared in accordance with relevant non-financial disclosure regulations, such as Non-financial Reporting Directive NFRD and EU Taxonomy, and the Global Reporting Initiative (GRI). Refer to the GRI index table on the NN Group website. Since 2017, NN Group has externally disclosed that it is aligning its climate action approach to the Task Force on Climate-related Financial Disclosures (TCFD). Our approach to addressing net-zero is described on page 49, and included in a TCFD reference table on page 364.

We aim to strengthen our integrated way of reporting every year and are preparing for the implementation of the CSRD for 2024. This report contains various elements from the Value Reporting Foundation framework and the CSRD.

Other reports

We aim to tailor our reporting for different stakeholders by publishing additional reports on specific topics on the NN Group website in the Investors/Annual Report section. In 2023, NN Group published its first Active Ownership report and the Climate Action Plan 2023 Update. Alongside this Annual Report, NN Group publishes a Solvency and Financial Condition Report, a Total Tax Contribution Report and reports our community investment contributions in line with the B4SI standards in the NN Community Investment: Overview 2023. The GRI Index table shows the indicators NN Group reports against, and where this information is in this Annual Report and/or the NN Group website. The index table is published alongside the Progress reports for the UN Principles for Sustainable Insurance and the UN Global Compact.

Scope of the data in this report

This report covers NN and its subsidiaries. All quantitative and qualitative information relates to NN as a whole, unless a specific business unit is explicitly mentioned. The list of principal subsidiaries is in Note 32 of the annual accounts. The consolidated annual report is presented in euros (EUR), the functional currency of NN Group. All amounts quoted in the Annual Report are in euros and rounded to the nearest million, unless otherwise indicated. Calculations are made using unrounded figures. As a result, rounding differences can occur.

The consolidation scope of the reported data is aligned with the consolidation scope of the annual accounts. This applies to all material items, unless otherwise stated. The consolidation scope of our non-financial information is included alongside the numbers in our facts and figures chapter. The information is sourced from both inside (primary data) and outside (secondary data) the organisation. There is an inherent level of uncertainty and estimation in our calculations. The definitions and calculation methods of indicators are shared in the relevant chapters, including the glossary.

External assurance

The consolidated annual accounts and the parent company annual accounts of NN Group are audited by KPMG N.V. (KPMG). Read more in the independent auditor's report on page 345. KPMG also provided limited assurance on the non-financial information included in this Annual Report. The scope of KPMG's review is About NN, Our operating environment, Our strategy and performance, Creating value for our stakeholders, Managing our risks, Facts and figures (with the exclusion of the section EU Taxonomy Disclosures) and other information. The assurance engagement is described in its assurance report on page 164. KPMG issued a limited assurance report on NN Group's Total Tax Contribution Report. Read more in the Assurance report of the independent auditor on pages 31–33 of the Total Tax Contribution Report.

NN at a glance

NN is a financial services company, active in Europe and Japan. We empower people to live life to the fullest by providing sound financial products and services, by being a trusted advisor, and by contributing to the well-being of society. We are committed to helping people care for what matters most to them. Because what matters to you, matters to us.

Our presence

- Belgium
- Czech Republic
- Greece
- Hungary
- Japan
- The Netherlands
- Poland
- Romania
- Slovak Republic
- Spain
- Turkey

+/- 16k Our employees

19m Our customers

1845 Year founded in the Netherlands

11 Countries we operate in

- Insurance, Banking
- Insurance

Our main brands

nationale nederlanden | NN | BE FRANK | hcs. | movir | OHRA | woonnu | ABN AMRO Verzekeringen | azl de toekomst voor elkaar

Our reporting segments

NN Group

- Netherlands Life
- Netherlands Non-life
- Insurance Europe
- Japan Life
- Banking
- Other

Our strategic and financial highlights

Key Financial figures

EUR 1,902m
Operating capital generation

EUR 2,528m
Operating result

197%
Solvency II ratio

Customers

On Par*
NPS-r Netherlands businesses

Above*
NPS-r International businesses

*compared to market average

People

7.8
Employee engagement

40%
Women in senior management positions

Society

EUR 10.8bn
Investments in climate solutions

401k
Contribution to our communities
(cumulative number of people supported since 2022)

Our performance is recognised in indices and ratings

People

Sustainability and ESG ratings

Credit ratings

S&P

A+
Financial strength Stable

A-
Credit rating Stable

Fitch

AA-
Financial strength Stable

A+
Credit rating Stable

How we create value

We provide retirement services, pensions, insurance, banking and investments to around 19 million customers. In doing so, we aim to create sustainable long-term value for all our stakeholders.

Inputs

Financial capital

Including debt, equity, revenue and assets invested by clients

- Shareholders' equity: **EUR 19.6bn**
- Gross premium income: **EUR 13.2bn**

Human capital

Employees' skills, time and resources

- Total number of employees: **+/- 16k**
- Amount spent on training and development: **EUR 15.8m**
- Applying our values of care, clear, commit

Intellectual capital

Internal processes, systems and controls

Manufactured capital

Company's products, offices and other physical assets

Natural capital

Use of natural resources

- Total energy used: **33 GWh (of which 69% of the electricity used was renewable)**

Social and relationship capital

Relations with customers and other stakeholders

- Customers: **around 19m**
- Business partners and suppliers
- Other key stakeholders (e.g. regulators)

What we do

Care | **Clear** | **Commit**

Life insurance
Netherlands Life
Insurance Europe
Japan Life

Non-life insurance
Netherlands Non-life

Banking
Banking

Our role as an employer
We want to foster an open, safe and inclusive working environment.

Our role as a business partner
We want to be a strategic and responsible business partner.

Product development and pricing
We develop products and services to meet societal and customer needs. Our experience and strong understanding of risk means that we are able to offer attractive insurance solutions at a fair price.

Distribution
We distribute our products through a range of channels, including directly to customers, and through agents and brokers. We leverage our scale and diverse business footprint for cross-selling opportunities.

Investments
We invest the insurance premiums and fees which we receive. We have a well-diversified risk profile for our investments, and are guided by our Responsible Investment Framework.

Claims and benefits
We use our digital capabilities to achieve a seamless customer experience, including a simpler, personalised claims handling process.

Income
We generate income through insurance premiums and fees paid for our products and services. We also generate returns on the investments which we make.

Profit
Our profit is what remains after expenses. These include claim pay-outs, pension benefits, interest on customer deposits, impairments and operating costs (e.g. wages).

How we create value continued

Outputs

Disciplined capital deployment
- Total dividend and interest payments to investors: **EUR 880m**
- Share buyback programme: **EUR 250m**
- Solvency II ratio: **197%**

Wages and benefits
- Total wages, benefits and pension contributions: **EUR 1,663.8bn**

Inclusive and inspiring working environment
- Women in senior management positions: **40%**
- Employee engagement score: **7.8**

Availability of services
- Digitalising and automating processes for customers and intermediaries

Efficient operating model
- Total administrative expenses: **EUR 2,206m**

High-performing products & services
- Relational Net Promoter Score:
- **Netherlands businesses on par**
- **International businesses above** (compared with market average)

Environmental impact from own operations
- GHG emissions: **10 kilotonnes CO_2 compensated by carbon credits**

Environmental impact from investments
- Carbon footprint relating to proprietary investment portfolio: **39 tCO_2e/EURm invested**
- Investments in climate solutions: **EUR 10.8bn**
- Estimated avoided emissions from climate solutions **770 $KtCO_2e$**

Returns to customers
- Pension benefits and claims paid: **EUR 13.3bn**

Responsible tax
- Total tax contribution: **EUR 2.578m**

Positive contribution to communities
- Total contributions: **EUR 20.1m**
- Total number of people supported: **401k (cumulative 2022-2023)**

Outcome for our stakeholders

Customers
To our customers, we offer peace of mind; our products help protect their families, health, income, companies and property. We also safeguard their personal data, provide mortgages and a stable source of income in retirement.

See pages 34–36

Our people
To our employees, we provide wages and other benefits. We also contribute to their pensions. In addition, we offer skills training and opportunities for career development. We provide an inspiring and inclusive place to work.

See pages 37–40

Investors
To our investors, we are committed to deliver resilient and growing long-term capital generation. To do so, we maintain a strong balance sheet and create solid financial returns by using our financial strength, scale and international footprint.

See pages 41–43

Society
We contribute to the well-being of people and the planet. We take a long-term and responsible approach to investments and underwriting, work to reduce our direct and indirect impact on the environment. We contribute to our communities and support the economy through taxes and payments to intermediaries and other business partners.

See pages 44–59

SDGs

1 Read more on how we contribute to the SDGs on pages 57-59.

A conversation with our CEO

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What makes me particularly proud is the progress we made in customer satisfaction scores. We saw underlying improvements in our Dutch business and especially in our International businesses.

David Knibbe
Chief Executive Officer

Our CEO David Knibbe reflects on 2023, a year where NN Group made good progress on our strategy focused on customers, people and our contribution to society, resulting in a strong commercial and financial performance.

How do you look back on the year 2023?
In 2023, macroeconomic and geopolitical uncertainties continued, which is having an impact on the lives of many. The insurance industry has an important role to play in providing protection and supporting customers and communities in their financial well-being. Therefore I am pleased how we continued to fulfill this role in 2023 by providing financial security for our customers during those moments when it matters most: during illness, retirement or when a home is damaged by a storm.

Turning to our own results, NN performed well in 2023. We made continued progress on our strategy focused on customers, people and our contribution to society. What makes me particularly proud is the progress we made in customer satisfaction scores. We saw underlying improvements in our Dutch business and especially in our International businesses which for the first time scored an above market average relational Net Promotor Score. It shows our efforts in customer engagement and digitalisation are starting to bear fruit, although there is always more work to do.

The engagement of our people remains high with a score of 7.8, which demonstrates our success in building an attractive and inclusive workplace. Looking at our efforts in support of the environment, we took some important steps in our climate ambition with new targets and investments. With our group-wide community investment programme, we supported the financial, physical and/or mental well-being of 172,000 people in 2023.

The strategic progress also resulted in a strong commercial and financial performance. Operating capital generation (OCG), our main financial performance metric, rose 13% (excluding the asset management business sold in 2022) to EUR 1.9 billion. With this result, we exceeded our 2025 target of EUR 1.8 billion ahead of plan. This result reflects increased contributions from Netherlands Non-life, Banking, the segment Other and Insurance Europe. Netherlands Non-life reported a continued strong and favourable business performance, while Insurance Europe saw higher sales and Banking benefitted from higher interest rates. This helped to offset a lower contribution from Netherlands Life which was mainly driven by the financial markets.

While business growth is expected to return to normalised levels, we continue to expect underlying growth in the coming years. We have therefore increased our OCG target for 2025 to EUR 1.9 billion. Our strong business performance and balance sheet give us confidence in further growing our free cash flow (FCF), resulting in an FCF target of EUR 1.6 billion by 2025.

At the start of 2024, NN Group reached a final settlement with interest groups on unit-linked insurance products. Why was this important?

The settlement was an important result for everyone involved in this long-standing issue. Primarily for our customers but also for other stakeholders, including shareholders. We have taken the criticism that certain products did not meet our customers' expectations seriously, and we were pleased to announce a final settlement with all interest groups. With this settlement, we provide clarity to our customers and we can finally resolve this issue.

We recognised a provision of approximately EUR 360 million in the fourth quarter of 2023, which included EUR 60 million for hardship cases and customers unaffiliated with one of the interest groups who have not previously received compensation. In addition, approximately EUR 20 million is available for these customers through the remainder of a provision recognised as part of the 2008 settlement.

The year was characterised by significant technological developments, particularly in artificial intelligence (AI). How did this impact NN?

In 2023 we saw generative AI quickly becoming a bigger part of our daily work, also at NN. We were one of the first companies to work with ChatGPT in our own secure environment. In our call centres in the Netherlands, we introduced automated call logging in 2023 to provide our agents with an automatic summary of their customer conversations, replacing a manual process.

We are looking at further opportunities for application across our business, for example in claims handling. With the financial industry being so data-intensive, there are many opportunities to further improve the customer experience and increase operational efficiencies. Of course, alongside these opportunities also come potential risks, so we have an ethical framework and a clear governance in place for all AI applications used by NN.

Large companies are facing increased scrutiny on their climate strategies. How is NN dealing with this?

The world is clearly not on track to meet the targets of the Paris Agreement, so it is understandable that companies also receive questions on their plans and targets. At NN, we have had a Climate Action Plan since 2022, which describes how we aim to reduce greenhouse gas (GHG) emissions to net-zero in our operations by 2040 and in our proprietary investments and insurance underwriting by 2050.

In July 2023, we published an update of the plan, with additional measures such as a further tightening our stance on proprietary investments in the oil and gas sector to also include conventional oil and gas activities. We also announced our first interim net-zero targets for our residential mortgages and insurance underwriting portfolios.

Next to these long-term goals, we are taking actions with a shorter timeline. On the investment side, we invested a total amount of EUR 10.8 billion in climate solutions, such as certified green buildings and renewable energy. We also reported a 10% reduction of GHG emissions in our corporate investment portfolio, moving us towards our goal of a 25% reduction by 2025 versus 2021 levels. On the insurance side, our Dutch Non-life business increasingly focuses on offering sustainable damage repair to our customers.

Of course, collaboration with peers, other industries, and governments remains crucial, as we can only address climate change together.

Looking ahead, what are the focus areas for 2024?

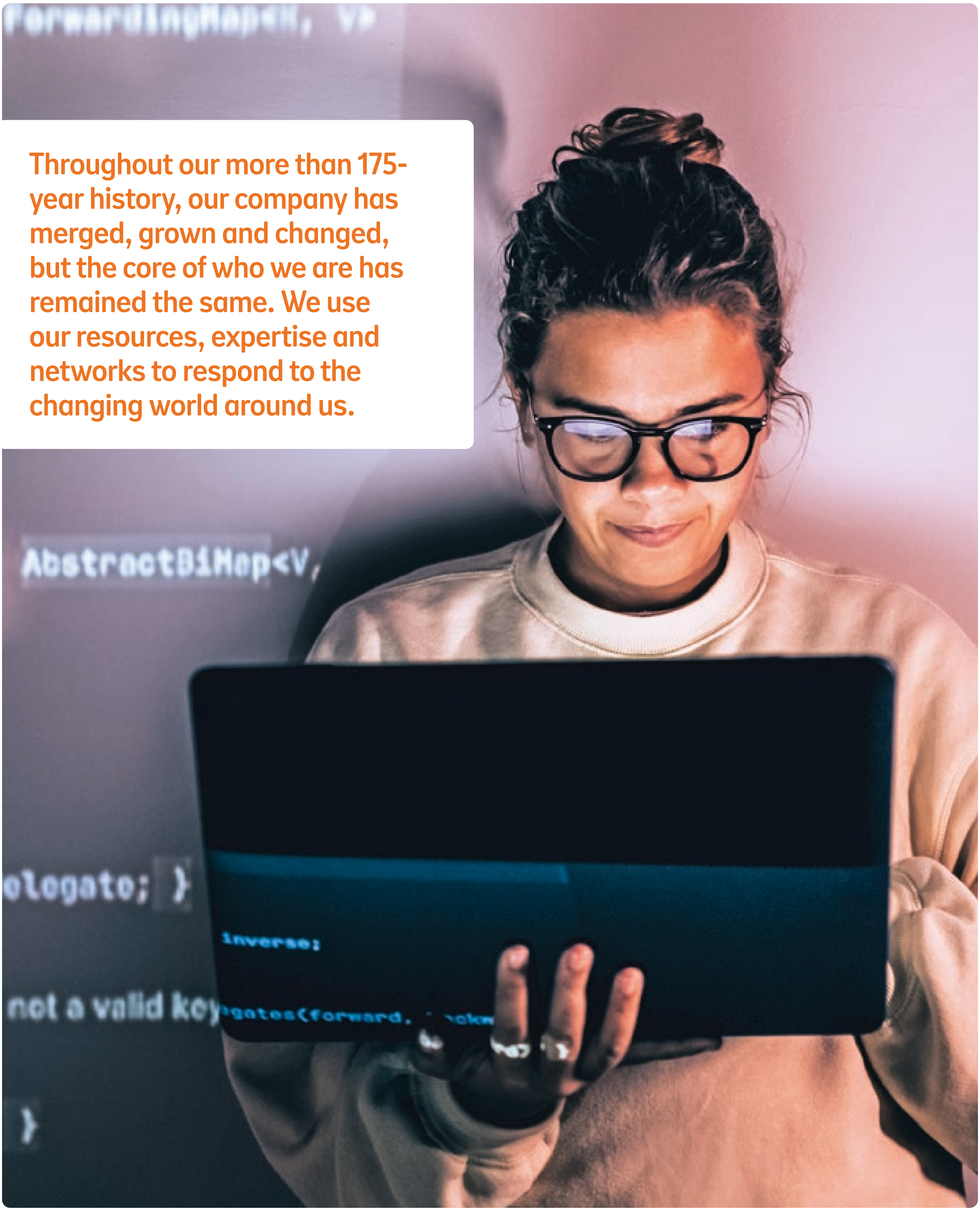
Led by our ambition to be an industry leader, known for our customer engagement, talented people, and contribution to society, we have made significant progress since the launch of our strategy in 2020. At the same time, there are areas where we need to step up. We will therefore put even more emphasis on further improving the digital customer experience and increasing operational efficiencies, with the aim to grow our business and stay financially healthy in the future.

Ultimately, it is our purpose to help people care for what matters most to them, and support them in their financial well-being. It is our role to help safeguard the financial stability of households and companies by insuring their risks. By investing the insurance premiums from our policyholders, with a long-term horizon, we play an important role in society and the economy, as well as in the sustainable investment landscape. This is something we take very seriously and it is deeply rooted in our values and culture.

Our people play a key part in this. I would like to take this opportunity to express my gratitude for their excellent work over the past year. Also, I thank my colleagues on the Management Board for the collaboration, and the Supervisory Board for their continued guidance and support. Finally, I want to thank our customers, shareholders and other stakeholders for their trust in our company.

2 Our operating environment

Throughout our more than 175-year history, our company has merged, grown and changed, but the core of who we are has remained the same. We use our resources, expertise and networks to respond to the changing world around us.



The world around us

In 2023, the environment we operate in as an international financial services provider continues to be dynamic and complex. There has been a wide range of geopolitical, economic, social, environmental and technological developments that impact our business model and strategy. We provide an overview of key developments in the world around us and how we are addressing them.

Geopolitical instability

Geopolitically, the world is increasingly becoming more complex, for example with the Russia-Ukraine war, and continuing tensions between the US and China both military and economically. Additionally, in October 2023, the Israel-Hamas conflict added significantly to geopolitical instability, further complicating international political relations and increasing economic uncertainty.

NN does not have direct business activities in Ukraine, Russia, China and Israel and has limited direct financial exposure to these countries. However, the impact on our operating environment and on NN itself depends on the continuation of geopolitical instability, which may coincide with other economic (inflationary or recessionary) developments.
Read more on the mitigating measures that we have at hand in the Risk chapter on page 71.

Political developments in Europe and the Netherlands

The European political landscape is facing increased polarisation and fragmentation. We witness this trend in many of our key markets, such as the Netherlands, Spain and Poland. While the magnitude of political developments varies per country, in general these pose challenges to achieving agreements on various systematic changes that create clarity on the future course of much-needed reforms in pensions, healthcare and climate solutions. For market participants with a longer-term perspective this creates additional unclarity.

On 7 July, the Dutch government coalition fell, and elections took place on 22 November. After the elections, it may take some time before a new coalition government is formed. It cannot be ruled out that progress on several items may be slow and further pushed forward, such as on climate change mitigation and the housing market. There is also some uncertainty about pensions; although the new pension reforms were approved in summer 2023, some parties have expressed the intention to scale back several reforms.

During 2023, new budget plans were adopted, such as an increase in minimum wages. To compensate for the budget increases, several measures were taken, such as a tax on share buybacks as of 2025 and a scaling down of remuneration tax benefits for new expats as of 2024. These measures potentially have a negative impact on the attractiveness of companies in the Netherlands from an investment and employability perspective.

In June 2024, elections will be held in the European Union. It is expected that the negotiations on the 2020 Solvency II review will be finalised before that date. However, negotiations on the Retail Investment Strategy and the Regulation on Financial Data Access will be postponed until after the European Union elections (see below).

Economic developments

Geopolitical tensions, commodity shortages and overheating markets impact the economy. Steep increases in energy and commodity prices in 2022 were followed in 2023 by economy-wide price increases and wage inflation. Central banks worldwide continued increasing interest rates to combat inflation, to over 5% in the US and to 4.5% in the eurozone. Such interest rate levels have not been seen since the 1980s. In the US, a 'soft landing' is expected with a slowdown in economic growth avoiding a recession, but the high debt level is creating uncertainty about the sustainability of government finances. In Europe, in the second half of the year, inflation was on a downward trend, with core inflation (excluding food and energy) still at relatively high levels, which impacts the timing of generally expected interest rates cuts by the European Central Bank in 2024. Growth of the eurozone economy has been adjusted downwards throughout 2023 to 0.5%, and expectations for 2024 are for growth just below 1%, slower than previously expected. Growth in the Netherlands was flat this year, with an outlook for very modest growth in 2024. Growth in other countries where NN is active was low in 2023 but generally expected to pick up to above the European average in 2024.

NN has experienced a relatively modest impact of these adverse developments. Higher volatility of financial markets, increased inflationary pressure and lower economic growth led to a somewhat more volatile Solvency II ratio. In the short term, however, NN has been able to deal with the adversity of these developments, given the strong solvency and liquidity positions and current asset exposures. We will remain vigilant as the impact of high inflation, high interest rates and lower growth is challenging for financial service providers. Our aim is to navigate these turbulent economic developments and manage the accompanying risk.
Read more in the Risk chapter on page 72.

Technological developments

We live in times of technological revolutions, exemplified by the quick rise of new features such as large language models, including ChatGPT. These have made a strong impact on market developments, showing the continuously growing potential of technology and artificial intelligence (AI). Going forward, technological developments in virtual and augmented reality, blockchain and quantum computing will continue changing the marketplace. These impacts could range from redesigned customer experiences, efficiency gains and strengthened cybersecurity measures. Where new technologies arise, there will also be new risks and opportunities. Companies have to be prepared to implement and get the most out of these developments, making sure their processes and employees are able to adopt them. Consumers and society are wary about what could happen with their data, some fearing that automation could lead to unfair or even discriminatory decision-making. As these technological advances are widely available, the risk of cyber-attacks is also growing. We closely follow these developments and adopt these new ways of working in a prudent way, by further investing in security measures, the education of our employees and transparency towards our stakeholders.

Sustainability

Climate change represents one of the biggest challenges of our time, as seen in the increased frequency and severity of extreme weather events such as floods, hurricanes and droughts. As an insurer and bank, climate change represents a key risk through which we are exposed via both sides of our balance sheet: through our investments on the asset side and our underwriting on the liability side. We continue to focus on further aligning our strategy and business activities with the challenges posed by climate change. We have set clear targets to reduce greenhouse gas emissions to net-zero in our own operations by 2040, as well as in our investments and insurance underwriting by 2050. We updated our Climate Action Plan in July 2023. Through our products and services, we also aim to support our customers as they navigate the transition to a low-carbon economy. In addition, we are taking initial steps to assess how we can positively contribute to biodiversity.

Companies are also facing regulations around sustainability, with authorities and regulators increasingly demanding greater transparency and clarity on potential risks and opportunities. Examples include the Corporate Sustainability Reporting Directive, the EU Taxonomy and the Sustainable Finance Disclosure Regulation. We are preparing for the implementation of CSRD for 2024.

In our non-life business, we focus on sustainability in various ways. We help customers protect themselves against damage due to climate change and to take action against climate change by insuring sustainability risks, monitoring and insight, and sustainable restoration and repair. We focus on health aspects for sustainable living, such as helping customers in shortening and preventing (long-term) absenteeism via prevention and reintegration. Read more on page 22.

Regulatory developments

Ongoing regulatory changes and topics subject to additional supervisory scrutiny might affect our solvency position. Such regulatory developments include new pension regulations in the Netherlands, changes to the Solvency II framework, the implementation of IFRS 9 and 17, and new regulations regarding sustainability.

On 30 May 2023, the Dutch parliament approved the Future of Pensions Act (Wet toekomst pensioen (WTP)). The law became effective as from 1 July 2023, with a transition period until 1 January 2028. At that date all pension contracts will have to be adjusted. NN is well-positioned to play an important role in the Dutch pension system and started preparations early. At the beginning of 2024, the first WTP contracts were concluded and administered.

In December 2023, the European Commission, the European Parliament and the Council of Ministers reached a trialogue agreement about the 2020 Solvency II Review. The full impact cannot be assessed as details need to be established in secondary legislation. Actual implementation of the new rules is not expected before 2026.

In 2023, the new requirements of IFRS 9 and 17 became effective and were applied by NN Group. Read more on page 26.

Other relevant legislative discussions for the insurance industry are, for example, the Retail Investment Strategy and the Regulation on Financial Data Access (FIDA). The European Commission aims to ban inducements on certain features of insurance-based investment products, for instance when it concerns non-advised sales and execution only sales; and new 'independent advice'. The European Parliament and the European Council of Ministers are discussing their positions, and the outcome of the trilogue negotiations is not clear.

FIDA aims to create a framework through which data holders (e.g. insurers, banks, credit institutions) share the financial data they hold with other players in the finance industry (e.g. fintech companies), based on the consent of customers. This could provide opportunities but also risks; the perceived implementation costs could for instance be substantial, with the risk that only a limited number of customers will make use of the option to share their personal data, like with the Payment Service Directive (PSD3).

Determining our material matters

This year we updated our approach for the double materiality assessment (DMA) to be prepared for the upcoming Corporate Sustainability Reporting Directive (CSRD) requirements. In doing so, this year's materiality assessment combines both impact materiality perspective (inside-out) and financial materiality perspective (outside-in) to create a DMA.

Our approach

As the basis for the DMA, we used the sustainability matters overview from the European Sustainability Reporting Standards (ESRS). In line with previous years, our materiality assessment was conducted in accordance with the Global Reporting Initiative (GRI). In the 2023 assessment, we applied GRI for the last time. For our internal assessment we validated the list from the ESRS with our desk research and analysis of internal sources, external standards, peer reports and sector trends.

Examples of sources include civil society organisations, insurance sector reports, internal policies and plans on environmental, social and governance (ESG) impacts and peer analysis.
We took into account actual and potential impacts, positive and negative impacts, and financial risks and opportunities across our value chain. For the purpose of our assessment, we defined our value chain, looking at the different roles of NN and how they link to the applicable sustainability matters. We divided our value chain into four categories concerning own operations, investments, products and services, and business partners. This way we can identify the most material impacts, risks and opportunities in our value chain.

After consulting with internal experts, we consolidated the long list to create a condensed sustainability matters list for the purpose of performing our DMA.

Stakeholder engagement

We used an internal survey to assess the impact and financial materiality of these consolidated sustainability matters. Stakeholders were asked to select the ten sustainability matters they found most likely to be material for NN Group and rated the material matters on the impact and financial materiality criteria. In 2023, the perspective of the value chain was included in the survey for the first time. This meant we could extract the scoring from the perspectives of the four categories of our value chain and compare the differences in scoring with the overall response on the sustainability matters. Based on this scoring in accordance with CSRD, we came up with a result per category, concerning positive and negative impacts and financial risks and opportunities. The survey was completed by members of NN Group's Management Board, Supervisory Board and Works Council, and senior managers, internal experts and employees.

We performed a social impact assessment to receive more detailed input on what our (internal and external) stakeholders expect from us. We asked external stakeholders to score NN's actual or potential negative impact on a variety of social matters covering our value chain. We integrated this engagement into our double materiality results. The following external stakeholders completed the survey: NGOs, human rights experts, industry organisations, regulators, ESG rating agencies, and peer experts. Read more on the outcome of this process on page 54.

The survey results were analysed and provided the basis for further identifying the most material sustainability matters for NN Group.

Identifying of impacts, risks and opportunities

To validate the survey scoring, we held internal expert sessions with Legal, Risk, Finance, Corporate Citizenship, Investment office, HR, Procurement, Facility Management, Life and Non-life. The results from NN Bank were consolidated into the NN DMA.

We identified which sustainability matters are most material from our value chain categories. The scoring and consolidation process resulted in an overview of the most material sustainability matters for 2023.

We acknowledge that currently the scoring is mostly done on a qualitative basis and validated in expert sessions. The goal is to include more quantitative analysis going forward to substantiate the impacts, risks and opportunities we have as NN Group. This materiality assessment forms a basis of directing our efforts on data collection going forward and is part of CSRD implementation.

Approval process DMA

The material sustainability matters are included in the connectivity matrix (page 13) to show the relationship between NN's strategic commitments, trends and developments, material sustainability matters, impacts, risks and opportunities. Looking ahead, we strive to enhance our impact assessment through a more detailed sustainability due diligence process, value chain insights, and further exploration of the use of internal and external databases.

During the set-up and assessment phase of the process, we involved the second line for the correct application of the CSRD requirements. The outcome of the materiality assessment was presented to the Management Board for discussion and approval. The Supervisory Board approved the connectivity matrix, including the material sustainability matters and the related impacts, risks and opportunities, as part of the Annual Report approval process. Read our material matters definitions in the Material matters index on pages 14 and 15.

NN Group material sustainability matters

NN Group selected most material topics – relevant to all roles

- Climate change adaptation
- Climate change mitigation
- Customer needs and satisfaction

Additional material topics per role

Our own operations

- Working conditions at NN – secure employment, social dialogue, workers rights & collective agreements
- Working conditions at NN – work-life balance and health and well-being
- Diversity and inclusion
- Human Capital Development and attraction
- Community investment
- Corporate conduct

Our investments

- Water (water consumption, withdrawal and discharge and use of marine resources and extraction into ocean)
- Direct impact drivers of biodiversity loss
- Working conditions in our value chain (secure and fair employment)
- Other work-related rights (child labour, forced labour, adequate housing and privacy)
- Human rights in our value chain

Our products and services

- Circular economy for our products and services
- Social (financial) inclusion of consumers and/or end-users

Our business partners

- Working conditions in our value chain (secure and fair employment)
- Other work-related rights (child labour, forced labour, adequate housing and privacy)

In the Annual Report, the management of material topics is shown on a consolidated level within our connectivity matrix. Disclosure on impacts, risks and opportunities identified is included for those material topics where we have the data and/or information available. The same holds for our material topics with regard to policies or commitments, actions taken, procedures and indicators. Based on new insights from our materiality assessment, we are developing and improving policies, procedures, action plans and indicators for the purpose of reporting and to provide stakeholders with a more detailed overview and effectiveness. With CSRD on the horizon, we strive to include this data in our first Annual Report with sustainability information based on CSRD as from 2024. For now, we report the omissions in our GRI index on some of our newly identified material topics as we do not show the level of detail that is required by GRI, but feel we have given a high-level understanding of our process of assessing our impacts, risks and opportunities.

Main changes in process and results

The main changes, compared to the materiality process and the outcome in 2022 to identify material sustainability matters:

- New set-up of the materiality process in anticipation of CSRD (double materiality) instead of single materiality
- Integrated CSRD criteria into our survey and validating the survey results with expert validation sessions
- Consolidation of the results with local double materiality assessments from NN Bank and our social impact assessment
- Focus on E, S and G sustainability matters and aligning with the strategic risk assessment
- Used ESRS-prescribed sustainability matters compared to NN's definitions of sustainability matters
- Consolidation of ESRS-prescribed sustainability matters
- Integrated concept of value chain in our double materiality assessment to further specify where we have identified the impacts, risks and opportunities
- Excluded financial topics from the sustainability double materiality assessment, which are covered in the Strategic Risk Assessment
- New material topics identified; refer to the overview on the next page

Connectivity matrix

Our strategic commitments	Trends and developments	Impact materiality (Positive (P) and Negative (N))	Financial materiality (Risk (R) and Opportunities (O))	Risks for our business and society
Customers and distribution We see our customers as the starting point of everything we do **Adding value for customers on pages 34–36**	• Geopolitical instability • Economic developments • Regulatory developments • Digitalisation	• Customer needs and satisfaction (P) • Circular economy for our products and services (P) • Social (financial) inclusion of customers (N)	• Customer needs and satisfaction (O) • Circular economy for our products and services (O)	1 Cyber (security) risk 4 Sustainable cost levels 6 Regulatory environments 7 Geopolitical instability 8 Recession 9 Inflation **See pages 63–78**
Products and services We develop and provide attractive products and services **Adding value for customers on pages 34–36**	• Geopolitical instability • Economic developments • Regulatory developments • Digitalisation • Sustainability	• Climate change adaptation (P) • Climate change mitigation (P/N) • Circular economy for our products and services (P) • Social (financial) inclusion of customers (N)	• Climate change adaptation (O) • Climate change mitigation (R(M/L*)/O) • Circular economy for our products and services (O)	2 Climate change – physical risks for liabilities 3 Climate change – transition risk 4 Sustainable cost levels 6 Regulatory environment 10 Product suitability **See page 63–78**
People and organisation We empower our colleagues to be their best **Empowering our people to be their best on pages 37–40**	• Human capital • Digitalisation • Technological developments	• Working conditions at NN (P) • Diversity and inclusion (P/N) • Human Capital development and attraction (P) • Community Investments (P) • Corporate conduct (P/N) • Working conditions in our value chain (N) • Other work-related rights (N)		1 Cyber (security) risk **See pages 63–78**
Financial strength We are financially strong and seek solid long-term returns for shareholders **Creating value for investors on pages 41–43**	• Geopolitical instability • Economic developments • Sustainability	• Climate change mitigation (P/N) • Customer needs and satisfaction (P/N) • Corporate Conduct (P/N)	• Climate change mitigation (R(M/L*)/O) • Customer needs and satisfaction (O)	4 Sustainable cost levels 5 Model risk 6 Regulatory environment 7 Geopolitical instability 8 Recession 9 Inflation **See pages 63–78**
Society We contribute to the well-being of people and the planet **Creating a positive impact on society on pages 44–59**	• Geopolitical instability • Economic developments • Sustainability • Regulatory developments	• Climate change adaptation (P) • Climate change mitigation (P/N) • Water (N) • Direct impact drivers of biodiversity loss (N) • Working conditions in our value chain (N) • Other work-related rights (N) • Human rights in our value chain (N) • Community investment (P)	• Climate change adaptation (O) • Climate change mitigation (R(M/L*)/O)	2 Climate change – physical risks for liabilities 3 Climate change – transition risk 6 Regulatory environment 7 Geopolitical instability 8 Recession 9 Inflation **See pages 63–78**

* We have assessed the results of the DMA on the short and medium time horizon. Climate change (physical and transitional) risks that may potentially impact assets or liabilities are considered material based on the strategic risk assessment, assuming a medium- to long-term horizon.

Definitions material topics

Environmental topics	Definition
Climate change adaptation	Process of adjustment to actual and expected climate change and its impacts. Ways of how an organisation adjusts to current and anticipated climate change-related physical & transitional risks, as well as how it contributes to the ability of societies and economies to withstand impacts from climate change. This matter also covers an organisation's strategy in relation to the transition to a low-carbon economy and the impacts of that transition on workers and local communities.
Climate change mitigation	Process of reducing GHG emissions and holding the increase in the global average temperature to well below 2°C and pursuing efforts to limit it to 1.5°C above pre-industrial levels, as laid out in the Paris Agreement.
Water – water consumption, withdrawal and discharge and use of marine resources and extraction into the ocean	The extraction and use of biological and non-biological resources found in the seas and oceans (e.g. deep sea minerals, gravels and seafood products). This also includes the sum of effluents and other water leaving the boundaries of the organisation and released to ocean water over the course of the reporting period.
Direct impact drivers of biodiversity loss – land use changes and the management of natural resources	The human use, or management of a natural resource, of a specific area for a certain purpose (such as residential, agricultural, recreational, industrial, etc.). Influenced by, but not synonymous with, land cover. Land use change refers to a change in the use or management of land by humans, which may lead to a change in land cover. Examples of these direct impacts are exploitation by harvesting and abstraction, land degradation, desertification and soil sealing. The latter means covering up the original soil, for example by roads or the construction of homes.
Circular economy for our products and services	Resources that leave the organisation's infrastructure (in the form of products and services).

Social topics	Definition
Working conditions – secure employment, social dialogue, workers rights and collective agreements	Increasing the percentage of workforce with employment contracts (especially permanent contracts) and social protection. This also includes the freedom of expression, which is the right to seek, receive and impart information and ideas of your choice without interference and regardless of frontiers. Extending social dialogue to more establishments and/or countries. This also includes increasing the percentage of own workers covered by collective bargaining, negotiating collective bargaining agreements over sustainability issues. This also includes privacy rights of NN Group employees, where these rights protect them from unlawful and unnecessary surveillance.
Working conditions – work-life balance and health and safety	Extending work-life measures to a greater percentage of own workers and reducing the rate of injuries and worktime lost due to physical and mental injuries.
Diversity and inclusion	Refers to a workforce that is representative and inclusive. This includes promoting gender equality and equal pay, increasing the presence of women in the workforce and top management, reducing the wage gap, the employment and inclusion of persons with disabilities, as well as increasing the representation of under-represented groups in the workforce and top management to foster a diverse and inclusive organisational culture.
Human Capital Development and attraction	Human capital can be broadly defined as the stock of knowledge, skills and other personal characteristics embodied in people that helps them to be productive. Pursuing formal education (early childhood, formal school system, adult training programmes) but also informal and on-the-job learning and work experience all represent investment in human capital. This is the impact NN Group has on its own workforce by nurturing a culture that supports continuous learning and collaboration and investing in personal and professional development, as well as the impact on NN Group and our ability to execute our business strategy by attracting, retaining and developing talent needed and fostering employee satisfaction. This includes reskilling our workforce towards changing ways of working and insurance business models.
Working conditions in our value chain – secure and fair employment	Increasing the percentage of workers in the value chain (e.g. employees working in organisations that are linked to NN Group as part of our value chain activities such as procurement activities or service organisations) with employment contracts (especially permanent contracts) and social protection. Increasing the percentage of workers in the value chain with flexible working time arrangements, while paying them adequate wages. This matter also covers the establishment of the social dialogue to more countries.

Definitions material topics continued

Other work-related rights – child labour, forced labour, adequate housing and privacy	Extending measures for preventing exposure of young persons to hazardous work to a greater percent of operations in the value chain. Extending measures for preventing child labour to a greater number of operations. Having secure tenure – not having to worry about being evicted or having home or land taken away. It means living somewhere that is in keeping with their culture, and having access to appropriate services, schools and employment. Privacy rights protect the workers in the value chain from unlawful and unnecessary surveillance.
Human rights in our value chain	Security concerns linked to climate change include impacts on food, water and energy supplies, increased competition over natural resources, loss of livelihoods, climate-related disasters, and forced migration and displacement. Right to seek, receive and impart information and ideas of their choice without interference and regardless of frontiers. Including the right to freedom of association which involves the right of individuals to interact and organise among themselves to collectively express, promote, pursue and defend common interests. This includes the right to form trade unions. Freedom of peaceful assembly and of association serve as a vehicle for the exercise of many other rights guaranteed under international law, including the rights to freedom of expression and to take part in the conduct of public affairs. The right to freedom of peaceful assembly and association is protected by article 20 of the Universal Declaration of Human Rights. Free, Prior and Informed Consent (FPIC) is a manifestation of indigenous peoples' right to self-determine their political, social, economic and cultural priorities. It constitutes three interrelated and cumulative rights of indigenous peoples: the right to be consulted; the right to participate; and the right to their lands, territories and resources. Cultural rights protect the rights for each person, individually and in community with others, as well as groups of people, to develop and express their humanity, their world view and the meanings they give to their existence and their development through, inter alia, values, beliefs, convictions, languages, knowledge and the arts, institutions and ways of life.
Community investment	The impact NN Group has on the communities around us by investing our resources, expertise and networks to maximise positive change in our communities, specifically around financial, mental and physical well-being (together with non-profit organisations and research institutes).
Customer needs and satisfaction	Satisfying the needs of our customers by offering them suitable products and services as well as living up to our duty of care. Including safeguarding (informational) safety of individuals who make use of our products and services, either for themselves or for others.
Social (financial) inclusion of customers	The process and actions taken to ensure that all individuals, regardless of their background or characteristics, have equal opportunities and access to products, services and information. It involves promoting non-discrimination, eliminating barriers that hinder access, and implementing responsible marketing practices that prioritise transparency, fairness and the well-being of consumers.

Governance topics	Definition
Corporate conduct	Corporate conduct expresses goals through values and beliefs. It guides the undertaking's activities through shared assumptions and group norms such as values or mission statements or a code of conduct.

Stakeholder engagement and international commitments

NN Group engages in ongoing dialogue with stakeholders on a variety of topics, ranging from products, services and business performance to our role in society. By endorsing national and international sustainability initiatives, we underline our ambitions and join forces with other organisations to increase leverage of the topic at hand.

Stakeholder engagement

Engagement is a vital part of our efforts to earn and maintain the trust and support of our stakeholders, and to fulfil our duty as a responsible and engaged company. We identify stakeholders based on their potential to influence or be affected by our business. We share an overview of important stakeholder groups, the key topics that matter to them and that we seek their feedback on, and the forms our dialogue takes on page 18.

Stakeholder policy

In 2023, we formulated a Stakeholder Engagement Policy, describing our principles and approach regarding our relations with stakeholders and how we carefully balance their interests. The policy covers engagement on sustainability aspects of NN's strategy, and is based on our purpose and three values: care, clear, commit. Read more in the policy on our website.

Engaging with public decision-makers

NN is committed to being transparent on the core topics on which it formulates positions, and ensuring that public decision-makers are provided with reliable and updated information. NN Group is registered as number 493416718971-18 at the EU Transparency Register, europa.eu. To ensure compliance, and to discuss policy developments and implications of relevant regulation, we are a member of various national and international organisations, including:

- In the Netherlands: Dutch Association of Insurers (Verbond van Verzekeraars), Dutch Banking Association (NVB) and Confederation of Netherlands Industry and Employers (VNO-NCW)
- In Europe: the national insurance and pension associations in the countries where NN Group is active; Pan-European Insurance Forum (PEIF), European Financial Services Roundtable (EFR), European Insurance CFO Forum and CRO Forum
- International: World Economic Forum (WEF) and Geneva Association

NN's annual total monetary contribution and expenditure to trade associations in 2023 was EUR 5.7 million. The three largest contributions were to the Dutch Association of Insurers, the Dutch Banking Association and the World Economic Forum.

NN engages directly with authorities and public decision-makers on regulatory and financial market-related issues, providing them with relevant information when appropriate. We do not make financial contributions to political parties in the Netherlands or elsewhere, and focus on EU and Dutch legislative proposals or policies, including:

- Prudential regulation – Solvency II, Recovery and Resolution
- International Financial Reporting Standards (IFRS)
- Sustainable finance policies – Taxonomy, SFDR, CSRD
- Corporate Sustainability Due Diligence Directive (CSDDD)
- Retail Investment Strategy (RIS)
- Insurance Distribution Directive (IDD)
- Digital strategy – Financial Data Access (FIDA) Framework, Artificial Intelligence Act, Open Finance and Open Insurance, Data Protection
- Anti-money laundering (AML)
- Pension reforms in various countries
- Labour market reforms

Stakeholder dialogue on pipeline projects

NN Group is involved in a dialogue with TotalEnergies due to human rights violations and oil pollution around the East African Crude Oil Pipeline (EACOP), a pipeline in Uganda and Tanzania. The dialogue is ongoing and TotalEnergies has responded to our requests for information.

NN Group met with several NGOs, both Mozambican and Dutch, and other Dutch financial institutions to discuss an issue in Mozambique. The NGOs provided context on the situation in Cabo Delgado (a province in northern Mozambique) and explained the human rights, climate and environmental effects related to a gas pipeline project involving the French energy company TotalEnergies. The gas pipeline consortium includes TotalEnergies and several Chinese, Indian and Mozambican oil & gas companies.

After attacks by a rebel armed group that killed more than 1,200 people in April 2021, TotalEnergies declared force majeure and suspended its operations in Mozambique. This not only impacted the subcontractors' employees but also affected the local population displaced by the gas project and attacks. The NGOs have asked investors, including NN, to engage with TotalEnergies on this issue.

For more details, read our Active Ownership Report on the NN website.

National and international commitments

As a company headquartered in the Netherlands, we are subject to Dutch law and the Dutch Corporate Governance Code. We observe the relevant laws and regulations of all markets in which we operate. We are also subject to relevant international standards and guidelines, including the UN Global Compact and the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGP). To underline our sustainability ambitions, NN and/or our respective businesses have endorsed various national and international sustainability initiatives, and we are a member of various relevant international organisations. By taking an active role in these partnerships we can increase the impact of the capital we put to work and thus help create a better world. Read more on the NN Group website.

Commitment of the financial sector to the Dutch Climate Agreement

In July 2019, NN signed the commitment of the financial sector to the Dutch Climate Agreement. We thereby commit to contributing to the financing of the energy transition, to disclosing the carbon footprint of our relevant investments and to publishing a Climate Action Plan, which we updated and published in July 2023.

We began disclosing the carbon footprint of our proprietary assets in 2017. Our 2023 measurement covers approximately 80% of our total proprietary asset portfolio, which comprises the general account investment portfolio of the insurance entities, the assets of NN Bank and the holding assets of NN Group. We are continuously evolving how we address climate change, and this is reflected in our strategy, policies and activities. Read more on pages 49–54 and pages 133–139.

International Responsible Business Conduct insurance sector agreement

The International Responsible Business Conduct (RBC) Agreement for the Dutch insurance sector aimed to further align the insurance sector's investment activities with international standards and guidelines on responsible business conduct. The covenant's signatories, which included the Dutch government, pool their knowledge and experience; identified environmental, social and governance (ESG) risks; and initiated steps to mitigate them. The five-year term of this agreement ended in 2023 and NN is participating in talks with other insurers to ensure a follow-up.

Net-Zero Insurance Alliance

In 2021, NN Group joined the Net-Zero Insurance Alliance (NZIA), which brings together insurers and reinsurers to play their part in accelerating the transition to net-zero emission economies. We are committed to transitioning our underwriting portfolio to net-zero greenhouse gas (GHG) emissions by 2050. The NZIA announced in July 2023 that the NZIA Target-Setting Protocol would transition to serve as a voluntary global best practice guide to aid in the accurate measurement, standardisation and comparability of science-based decarbonisation targets for insurance and reinsurance underwriting portfolios. Members of the NZIA, including NN, remain committed to the net-zero transition and are engaging with a broader community of stakeholders on the future evolution of the NZIA.

Task Force on Climate-related Financial Disclosures (TCFD)

Since the financial year 2017, NN has reported on climate change in accordance with the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). In the reference table on page 364, we show where we have included TCFD recommendations, structured along the four TCFD pillars of governance, strategy, risk management, and metrics and targets.

Nature Action 100

In 2023, NN Group joined Nature Action 100, a global investor-led initiative working to drive corporate action to reverse nature and biodiversity loss by 2050. Through the initiative, 190 investor participants will engage directly with 100 companies in key sectors around the world to advance the investor expectations identified by Nature Action 100.

NN Group's investment stance on tobacco control

NN Group has excluded tobacco producers from its proprietary investments since 2018 due to concerns regarding public health and the economic burden smoking places on society. In 2023, we joined 56 other financial institutions as a signatory of the Financial Sector Statement on Tobacco Control, urging governments to accelerate implementation of the World Health Organization Framework Convention on Tobacco Control (WHO FTC) to achieve the health and economic benefits of tobacco control.

In 2023, we evaluated our exclusion criteria for tobacco production and decided to expand our policy by explicitly adding e-cigarettes. We also lowered the exclusion threshold for revenues from tobacco production from 50% to 5% for our proprietary assets. We believe engaging with the tobacco industry would not lead to fundamental changes and that the sector is associated with human rights violations and negative environmental impacts. The supply chain for tobacco farming, which engages over 17 million people, is particularly susceptible to such violations.

Stakeholders, engagement, topics and outcomes

Customers

We aim to support our customers in dealing with expected and unforeseen changes in the key moments in their lives through offering products and services that are easy to understand and use.

Engagement:
Survey

Topics discussed:
Customer experience

Outcome:
Increase customer engagement

Colleagues

Our NN colleagues together create a culture that is based on our values and purpose, and that supports a flexible and open mindset.

Engagement:
Leadership and other (digital) conferences, surveys, works councils, unions

Topics discussed:
Values, Code of Conduct, hybrid working, engagement, climate change, Climate Action Plan

Outcome:
Inform and engage employees, values-driven culture

Regulators and government agencies

We have direct engagements with public decision-makers and regulators concerning regulatory and financial market-related issues.

Engagement:
Meetings and working visits

Topics discussed:
Economic and financial market developments, risk assessments, insurance regulations, pension and labour market regulations, sustainable finance, ESG, digitalisation

Outcome:
Engagement with these stakeholders; exchange views and insights

Investors, analysts

We are committed to delivering strong and sustainable returns for the capital that investors provide and are clear and transparent in how we communicate.

Engagement:
Annual shareholders meeting, analyst calls, investor meetings, survey

Topics discussed:
Strategy, financial and operational developments, capital position, approach to sustainability

Outcome:
Inform and engage with analysts, shareholders and other investors

Agents and intermediaries

We have relationships with many partners in our value chain, including intermediaries and other entities linked to our operations, products and services.

Engagement:
Surveys, roundtables, webinars and (digital) visits

Topics discussed:
Market topics in general, co-creation

Outcome:
Improved cooperations with intermediaries, increased intermediary satisfaction, well-informed brokers

Societal and network organisations

We strive to contribute to the well-being of people and the planet through, for example, integrating sustainability factors into our underwriting activities and managing our direct environmental footprint.

Engagement:
Correspondence, meetings, reports and surveys

Topics discussed:
Climate change, biodiversity, human rights, net-zero commitments, international business conduct

Outcome:
Exchange views, insights, next steps and benchmarking methods

Society: Expert groups and Industry associations

We want to contribute to a world where people can thrive for generations to come, for example, by investing our assets responsibly, by being a fair taxpayer, and through our activities in the communities where we live and work.

Engagement:
Correspondence, meetings, reports, surveys and knowledge sessions

Topics discussed:
Solvency and capital, pension reform, climate-related insurance, digitalisation, general economic outlook, investors' role in climate transition, social impact assessment

Outcome:
Stimulate sector-wide cooperation, align methodologies and pool knowledge and experience

3 Our strategy and performance

Our financial strength, scale and footprint give us the adaptability and resilience to compete in fast-changing environments, to create solid returns for our shareholders, and to contribute to the communities in which we live and work.

Our strategy

Our ambition is to be an industry leader, known for our customer engagement, talented people, and contribution to society. Our strategy aims to help us achieve our ambition in the coming years and to create sustainable long-term value for our stakeholders.

Today's world is characterised by continued (geo)political turmoil, macroeconomic uncertainties, volatile markets, and the impact of climate change. These trends are impacting our communities and the lives of our customers, creating demand for protection during those key moments in life, whether it is retirement, illness or extreme weather.

Our strategy remains well-aligned with these long-term trends. For example, increased risk awareness among consumers is creating additional demand for protection products across our international markets, where insurance penetration rates are still relatively low.

We also see growing demand for personalised pension products and financial planning tools in many of our markets where governments and employers are encouraging employees to commit additional funds to their pension scheme. Finally, we see growing awareness among customers on climate change, which is translating into higher demand for sustainable products and services.

To execute our strategy, we have identified five strategic commitments. Since the launch of our strategy in 2020, these commitments have steered our strategic direction and decision-making, supported by strategic and financial targets that enable us to monitor our progress.

At the end of 2023, we refined our five strategic commitments and introduced a new commitment on becoming a 'digital and data-driven organisation', while combining our commitments on customers and products and services into a single commitment, called 'engaged customers'. This update reflects our focus on transforming our business by further simplifying our technology and operations, giving us room to grow our business further. We will report on our refined strategic commitments as of 2024.

Our purpose

We help people care for what matters most to them

Our ambition

We want to be an industry leader, known for our customer engagement, talented people, and contribution to society

Our values

Care | Clear | Commit

Our brand promise

You matter

Our strategic commitments

Customers and distribution
We see our customers as the starting point of everything we do

Products and services
We develop and provide attractive products and services

People and organisation
We empower our colleagues to be their best

Financial strength
We are financially strong and seek solid long-term returns for shareholders

Society
We contribute to the well-being of people and the planet

Progress on our commitments

Customers and distribution

Our commitment

Our customers are the starting point of everything we do. We engage with them to ensure we meet their needs and offer solutions that create sustainable long-term value. We use our digital capabilities and leverage our strong distribution footprint in order to further enhance our customer experience.

Our 2023 progress

- **We track the satisfaction of our customers through the relational Net Promoter Score (NPS-r), which measures how likely it is that they will recommend our products and services to colleagues, friends or family. In 2023, our Netherlands business scored on par with market average and our International businesses scored above market average.**
- NN announced a final settlement with consumer interest groups on unit-linked products sold in the Netherlands by Nationale-Nederlanden, including Delta Lloyd and ABN AMRO Levensverzekering. We have taken the criticism that certain products did not meet our customers' expectations seriously, and therefore we are pleased with this final settlement with these interest groups. With this settlement we provide clarity to our customers and can finally resolve this issue. Read more in Note 43.
- Climate change is fuelling extreme weather events such as storms and heavy rainfall. We successfully handled all insurance claims from Dutch holidaymakers following major floods in Slovenia and hail storms in Italy in August. For customers stranded in Italy, experts and claims employees aimed to give clarity as quickly as possible. When emergency repair was not possible locally, 93 vehicles were repatriated to the Netherlands.
- In the international markets where we work with tied agents, we continued to digitalise our processes, and enhance the digital lead and activity management support we provide. We have made significant progress in new sales life insurance (APE) from leads provided to our tied agents, achieving 97% growth compared to 2022. Approximately 2.5 million customers use our customer app and platform systems in these markets, representing a 17% increase compared to 2022.
- In our Dutch units, approximately 2.1 million customers use our customer app and platforms, representing an 8% increase compared to last year. Overall customer activity on our platforms was up by 12.5%.
- We strengthened our distribution network across our European markets. NN Czech Republic entered into a seven-year exclusive partnership with MONETA Money Bank for the distribution of its life insurance and pension savings products to MONETA's customers. NN Slovakia strengthened its partnership with Slovenská sporiteľňa, the country's largest bank, offering its customers a new risk insurance product. And in Romania, we extended our bancassurance distribution agreement with ING.
- NN Romania launched a digital tool that supports customers to assess their protection needs and discover the right insurance and pensions products for them. NN Life Japan has a number of platforms aimed at tackling SME owners' pain points, including the pressing issue of business succession. In 2023, we saw registered users double on our Kagyo-aid platform and Tsugunowa website, which support SME owners' children and spouses, respectively, in a smooth business takeover. Registered users on these platforms exceeded 25,000.

Read more about how we create value for our customers on pages 34-36.

Using AI for a personal touch

We believe that our colleagues' time is best spent helping our customers and we are exploring how artificial intelligence (AI) can help us achieve this across our business. In our call centres in the Netherlands, we introduced automated call logging in 2023 to provide our agents with an automatic summary of their customer conversations, replacing a manual process. With over two million calls logged each year at 3.5 minutes per call after call handling time, using AI to create these summaries enables our employees to make more time to support our customers and focus on the conversation. AI can also help identify customer claims that need further attention or a personal touch. NN brand OHRA handles a large portion of their claims through an automated process, allowing for a quick and efficient process. However, some situations require closer attention and leniency than the standard process allows. Their machine learning model the Human Scale (Menselijke maat) uses text pattern recognition and predefined business rules to identify claims that require attention from an employee. By using this model, OHRA is able to provide personalised care to their customers when needed, while still maintaining an efficient process for the majority of claims. Read more about AI on page 34.

Products and services

Our commitment

We aim to excel in developing and providing attractive products and services, and to operate with efficiency, agility and speed. To continue doing so, we will make use of digital and data capabilities.

Our 2023 progress

- **To measure our progress, we have various key performance indicators for our business units. For example, at Netherlands Life, we focus on growing the defined contribution pension business through net inflows. In 2023, the net inflows were 2.3 billion. Netherlands Non-life reported a 1.9% increase in gross premiums written to EUR 3.8 billion, while NN Bank originated EUR 4.7 billion of new mortgages in 2023.**
- In preparation for the Dutch pension legislation, which has been in effect since 1 July 2023, Nationale-Nederlanden and BeFrank, our online pension administrator, organised sessions to educate advisors on the legislation changes and their impact on customers. Read more on page 36.
- We continued to develop our Human Capital Planner (HCP), including the improved HCP Pension Barometer where advisors can view their clients' chosen schemes and compare different scenarios.
- Our Netherlands Life business added a new collective term life insurance in NN's extensive range of pension products. The collective term life insurance is available for companies with at least five employees and is currently sold in combination with NN's Personal Pension Plan (PPP). It insures employees against the risk of death, providing an extra financial buffer to the surviving relatives.
- As part of our ambition to support the transition to a sustainable society, our Dutch Non-life business started a series of initiatives for sustainable damage repairs. Read more on page 36.
- We continued to build our protection business in Europe. NN Hungary started an exclusive reciprocal cooperation with Premium Health Fund, an independent private fund with over 300,000 members, whereby NN covers the health fund members with health group insurance, and offers them individual life and pension products.
- NN Romania launched a critical illness insurance covering treatment abroad for cancer, cardiac surgery, neurosurgery and transplant. Each customer is assisted by a medical navigator throughout their case, from diagnosis in a top clinic in Romania to the needed treatment in top medical centres abroad, benefiting from covered medical care of up to EUR 2 million.
- NN Hellas launched a health product which is available through NN's bancassurance channel. The product supports customers in case of hospitalisation and offers various allowances for hospital stay, surgery and home recuperation.

Read more about how we create value for our customers on pages 34–36.

Supporting customers with mental health problems

We are responding to the rise in mental health problems in the Netherlands and Europe. With statistics showing depression and burnout on the rise among the self-employed, NN Belgium integrated preventive mental well-being services for this group as an add-on to its disability insurance, including counselling, life coaching and mindfulness. The service is unique in the Belgian market and was recognised by the 2023 DECAVI insurance award in the innovation category. Nationale-Nederlanden was among the first insurers in Poland to add a rider to its group life insurance providing psychological and psychiatric support in the event of mental health disorders. The product is offered in the form of group insurance as coverage for employees or as an extended version that also covers their families. In the Netherlands, Non-life published research in September 2023 that found that absenteeism due to mental health problems increased in the first half of 2023, with a quarter of employees experiencing too much stress. In addition to its occupational health & safety services, Netherlands Non-life offers a prevention package that helps employers and employees avoid absenteeism. Following a successful pilot, NN Non-life alongside another seven organisations has initiated a programme on employee mental vitality, as a collaboration with Erasmus Happiness Economics Research Organisation and Lab of Life. Employees become certified trainers in supporting fellow colleagues to feel less stress and focus on what is important for them. Across our markets we also partner with NGOs to support community programmes in this area.

People and organisation

Our commitment

We nurture a culture aligned with our purpose, values and ambitions. One that supports continuous learning, collaboration and diversity of thinking. We consider all colleagues to be talents, and invest in an inclusive and inspiring environment, so that together we are optimally equipped to take our business into the future.

Our 2023 progress

- **We measure our progress through employee engagement surveys, which are conducted twice a year. In 2023, employee engagement remained high at 7.8 compared to 7.9 in 2022.**
- **We continued our efforts to become a more diverse and inclusive workplace, including through gender equality. The percentage of women in senior positions remained stable at 40% compared to 2022.**
- Colleagues representing all NN countries visited Rotterdam Pride and joined a training session on LGBTQIA+ topics, we launched an international diversity and inclusion (D&I) network, and NN Turkey signed the UN Women's Empowerment Principles (WEPs). In Greece, we organised an event where employees could experience the everyday life of people with visual impairments.
- Across our international business units, we support our people to develop their digital skills, with 1,833 employees completing at least eight hours of training programmes on topics such as AI, data analytics, Salesforce and IT-related skills.
- To support well-being, we introduced the Personal Health Check in the Netherlands, giving employees insights into their lifestyle, blood pressure, cholesterol, work stress and more. The personal health report has their risk assessment and recommendations on how to improve their health.
- The Zorggenoot support line was made available to our employees in the Netherlands. It provides employees who are also caregivers information about different forms of support, helps them with administrative work and supports them in finding a good balance between their own life, caregiving and work. Since September, more than 500 colleagues have visited the platform.
- All ten International Insurance business units were certified a Top Employer for the fifth time by the Top Employers Institute. NN Group was included in the Top 10 ranking companies in Europe, as a result of having more than five business units certified in Europe with a high aggregated score.

Read more about our talented people on pages 37–40.

Strengthening our tech talent

NN Life Japan has been investing in technology and data skills by upskilling employees in technical domains and growing our engineering base. In 2022, NN Life Japan introduced Data Academy, an internal programme that provides three learning pathways for developing data analysts, scientists and engineers. The programme includes employee training modules and certifications, with communities to share best practices. By the end of 2023, 83% of employees had been trained on data awareness and 28% had attended at least one of the data academy modules, or related Power BI and Python training. In addition, in 2023, NN Life Japan rolled out a ChatGPT training, with 53% of employees attending, and is working on the first ChatGPT use cases for automated call logging and a knowledge base chatbot. As part of our focus on hiring and retaining tech talent, NN Life Japan is the only company with European headquarters to have established a Technology Operations Centre in the tech hub of Fukuoka city, aimed at ensuring business continuity in the event of a disaster impacting our Tokyo offices. Set up in cooperation with Team Fukuoka, an industry-government-academic organisation that promotes the international financial city concept, the centre has personnel and equipment to ensure business continuity in a disaster.

Financial strength

Our commitment

We are committed to maintaining a strong balance sheet and creating solid financial returns for shareholders by using our financial strength, scale and international footprint, and by efficiently managing our customers' assets and our own insurance portfolios.

Our 2023 progress

- **Continued strong business performance with full-year operating capital generation (OCG) rising 13% (excluding the asset management business that was sold in 2022) to EUR 1.9 billion, exceeding 2025 target of EUR 1.8 billion ahead of plan.**
- **Increased OCG target to EUR 1.9 billion and free cash flow target of EUR 1.6 billion in 2025.**
- NN Group Solvency II ratio remains robust at 197% from 197% at 31 December 2022; unit-linked settlement agreement and attractive longevity deals have reduced the risk profile of the balance sheet.
- 15% step-up of 2023 total dividend to EUR 3.20 per share; structural increase of annual share buyback programme to EUR 300 million.
- Full-year operating result was EUR 2.5 billion; full-year net result was EUR 1.2 billion.
- We successfully conducted a liability management transaction to proactively address part of the subordinated notes due for refinancing for 2024. We issued EUR 1 billion of dated green subordinated notes on 3 May 2023 to repurchase subordinated notes for the same amount. We continue to have ample financial flexibility given our remaining tiering capacity and low financial leverage ratio.

Read more about our performance in 2023 on pages 28–32 and how we create value for investors on pages 41–43.

NN Life completes longevity transactions

Underscoring our efforts to continually look for value-creating opportunities, in 2023, Netherlands Life completed two transactions to transfer the full longevity risk associated with approximately EUR 13 billion of pension liabilities in the Netherlands. The deals have reduced NN's exposure to longevity risk and thereby further strengthens NN's capital position.

The transactions cover the longevity risk of approximately 300,000 policies and have been entered into with an insurance subsidiary of Prudential Financial, Inc. and Swiss Re. The risk transfer became effective as of 31 December 2023, and the reinsurance agreements will continue until the portfolio has run off. The reinsurance deals have no impact on the services and guarantees that NN provides to its policyholders.

Society

Our commitment

We aim to contribute to the well-being of people and the planet. We do business with the future in mind and contribute to a world where people can thrive for many generations to come.

Our 2023 progress

- **We continued to make progress on our goal to more than double investments in climate solutions, with EUR 10.8 billion total investments in climate solutions from a base of EUR 5 billion in 2021.**
- **Our role in society is reflected in our contribution to local communities and we aim to support the financial, physical and/or mental well-being of one million people by 2025. We have supported 401,000 people since 2022.**
- In July, we published our Climate Action Plan 2023 Update which describes the steps we are taking towards net-zero greenhouse gas (GHG) emissions by 2050, such as tightening our stance on proprietary investments in the oil and gas sector to also include conventional oil and gas activities.
- The carbon intensity (scope 1 and 2) of our corporate investment portfolio decreased to 112 tonnes CO_2e per EUR million invested, representing a 10% reduction compared to our 2021 baseline, and a year-on-year decline of 15%. This reflects, for example, changes in portfolio holdings resulting from our Paris Alignment strategy and other portfolio management decisions.
- We announced the launch of a EUR 300 million investment fund for infrastructure climate solutions, together with Rivage Investment. The fund finances infrastructure assets aimed at addressing climate change, focusing on wind, solar, hydro, batteries and energy management solutions.
- NN Bank set a reference target for reducing GHG emissions for the aggregate portfolio of mortgages on the NN Group balance sheet. To achieve this, we will encourage borrowers to improve the energy label of their homes, reduce GHG emissions and ensure access to finance.
- NN Bank published a white paper, tooling and a masterclass for advisors to help them advise clients on sustainable living.
- Our efforts on responsible investment were recognised by the Association of Investors for Sustainable Development (VBDO) that ranked NN as one of the top performing insurers in a key benchmark for responsible investment in the Netherlands, with a score of 4.1 out of 5 points.
- NN Group's direct real estate portfolio received a five-star rating and first place within its peer group from Global Real Estate Sustainability Benchmark (GRESB).
- NN Social Innovation Fund invested EUR 500,000 in the Shaping Impact Group's SI3 fund which focuses on initiatives that contribute to increasing equity in opportunities and creating a solidarity-based society.
- An increase of 29% in use of renewable electricity to 15 gWh in 2023 was mainly driven by a transition to renewable electricity sources and an increase of usage of electricity in the Netherlands.
- We reached more than 9,330 people and supported 35 charities through our annual company-wide volunteer week, with 3,215 colleagues participating.
- In partnership with a local organisation, NN Romania launched the first scholarship fund in the country to support the education of students who want to start their own business, but have limited financial means.
- NN Slovakia will participate in the launch of Talent Garden, a traineeship programme for university students in Bratislava, alongside other Dutch companies. Starting in January 2024, the participating companies will provide 10-12 university students the opportunity to work on assignments and receive management trainings.

Read more about our commitment to society on pages 44–59.

Comprehensive oil & gas policy

In May 2023, NN Group introduced its comprehensive oil & gas policy to achieve net-zero emissions in our investment portfolio by 2050. It focuses investment on companies committed to lowering their emissions and transitioning to a low-carbon economy. The policy covers corporate and infrastructure investments across the entire oil & gas supply chain (including upstream, midstream and downstream activities), representing 1-2% of proprietary assets.
NN Group restricts new investment in companies with more than 30% of revenues from oil & gas activities and not aligned with the Paris Alignment categorisation framework.

The policy also prohibits infrastructure investments in oil & gas exploration or production projects, and infrastructure focused on oil & gas or using gas to produce hydrogen.
For existing investments, NN will work with companies to align their activities with climate ambitions and consider divestment if there is insufficient progress. NN will adjust discretionary mandates and encourage fund managers to align with the policy but cannot change investment conditions for committed funds. Read the full NN Group Oil & Gas policy on the NN Group website.

Our performance

We reported strong results for 2023, driven by a solid business performance despite the volatile macroeconomic and geopolitical environment. We exceeded our operating capital generation target for 2025 ahead of plan, driving increased returns to shareholders.

Solid business performance

We reported a solid business performance despite the volatile macroeconomic and geopolitical environment. Netherlands Life reported record net inflows of EUR 2.3 billion at its defined contribution pension business. Combined with favourable market movements, Assets under Management increased to EUR 32.7 billion compared with EUR 27.8 billion at the end of 2022. Netherlands Non-life reported a continued strong business performance, supported by a solid pricing environment and benign weather in Property & Casualty (P&C). Results at our banking business in the Netherlands benefitted from a higher interest result. Insurance Europe reported continued growth momentum with higher sales in Central and Eastern Europe, with most notably strong value of new business in Czech Republic, Poland and Hungary.

Exceeding 2025 OCG target ahead of plan

Operating capital generation (OCG) in 2023 increased by 13% to EUR 1.9 billion on a like-for like basis compared with 2022. With this result, we exceeded our 2025 target of EUR 1.8 billion OCG ahead of plan. The 2023 result reflects increased contributions from Netherlands Non-life, Banking, the segment Other and Insurance Europe. Netherlands Non-life reported a continued strong and favourable business performance, while Insurance Europe saw continued strong underlying growth. Banking benefitted from higher interest rates and lower capital consumption. This helped to offset a lower contribution from Netherlands Life which was mainly driven by the financial markets. While we expect favourable results to normalise, we continue to expect underlying growth in the coming years. We have therefore increased our OCG target for 2025 to EUR 1.9 billion. This increased target is based on normal weather conditions, normalised mortgage margins and otherwise stable financial markets as per 1 January 2024.

Strong balance sheet

Our balance sheet remained strong, with a Solvency II ratio of 197% at the end of 2023, stable versus the end of 2022. The Solvency II ratio was positively impacted by OCG and two longevity transactions executed at the end of 2023, which were offset by capital flows to shareholders, the final settlement agreement on unit-linked insurance policies, and the impact from adverse markets driven by negative real estate revaluations. The impact from elevated mortgage margins at year-end was offset by favourable credit spread changes. Elevated mortgage margins are not a major concern, as we believe these dynamics will normalise over time. Furthermore, we see very marginal default risk in our mortgage portfolio.

Free cash flow target for 2025

Based on our robust balance sheet and strong business performance, we introduced a free cash flow target of EUR 1.6 billion in 2025. This increase is supported by more confidence for increased remittances from Netherlands Non-life and the banking business and a continuation of growing remittances from Insurance Europe. This results in an increased guidance of EUR 100 million versus our previous guidance of mid single-digit growth versus the normalised 2021 level of EUR 1.2 billion. This increase has been passed on to our shareholders via an increase of 15% of the 2022 dividend per share to EUR 3.20 dividend per share, as well as an increase of our annual share buyback programme to an amount of EUR 300 million.
Read more on page 42.

Implementation of IFRS 9 and IFRS 17 in 2023

As of 1 January 2023, NN Group implemented IFRS 9 ‘Financial Instruments’ and IFRS 17 ‘Insurance Contracts’.

IFRS 9 and 17 were implemented as of 2023 retrospectively with amendment of the 2022 comparative figures. Therefore, all IFRS-based figures in this report are presented on the basis of IFRS 9 and 17 where relevant. The implementation resulted in significant changes to NN Group’s accounting policies and had significant impact on shareholders’ equity, net result, presentation and disclosures. Shareholders’ equity under IFRS 9 and IFRS 17 at the 1 January 2022 transition date was significantly lower as a result of the measurement of insurance liabilities at current assumptions. However, with the increase of market interest rates during 2022, this difference largely reversed in 2022.

NN Group’s accounting policies under IFRS 9 and 17, the main decisions/choices in the implementation and the key financial impact are disclosed in Note 1 to the NN Group 2023 Annual Accounts.

Operating result

Operating result for 2023 increased to EUR 2,528 million from EUR 2,350 million in 2022, mainly driven by a higher interest result at Banking, and a higher profit margin and investment result at Insurance Europe, and an improved operating result of the reinsurance business. This was partly offset by a lower technical result at Netherlands Life, mainly reflecting a lower risk adjustment release as a result of higher interest rates, and a lower result at Netherlands Non-life reflecting a change to the Contractual Service Margin (CSM) release pattern.

Net result

The 2023 net result was EUR 1,172 million compared with EUR 1,634 million in 2022. The effective tax rate for 2023 was 22.7%, mainly reflecting tax-exempt investment results. The 2022 result was impacted by the gain on the sale of NN Investment Partners (NN IP). Excluding this gain, the 2023 net result increased compared with 2022 as financial markets had a less adverse impact compared to last year.

CSM growth

The CSM (net of reinsurance) decreased to EUR 6.4 billion from EUR 6.5 billion, due to assumption changes and adverse currency movements partly offset by organic growth. Organic growth (the sum of new business added and the underlying return on in-force minus release of CSM to P&L) was EUR 0.1 billion, reflecting business growth in Insurance Europe and higher margins in Netherlands Non-life, offsetting the net release of CSM of Netherlands Life and Japan Life.

Sales and value of new business

The total APE for 2023 decreased to EUR 1,229 million versus EUR 1,339 million in 2022, mainly as a result of lower sales of cash value insurance products at Japan Life, partly offset by increased new sales at Insurance Europe, up 9.5% on a constant currency basis, driven by higher sales across the region. Value of new business for 2023 was EUR 330 million, down 23.7% on 2022, mainly driven by lower sales of cash value insurance products at Japan Life.

NN Group

Key figures

amounts in millions of euros	2023	2022 (Restated)[4]
Operating capital generation[1]	1,902	1,711
New sales life insurance (APE)	1,229	1,339
Value of new business	330	432
Administrative expenses	2,206	2,138
Solvency II ratio[2]	197%	197%

Analysis of result

amounts in millions of euros	2023	2022 (Restated)
Netherlands Life	1,390	1,429
Netherlands Non-life	364	400
Insurance Europe	468	397
Japan Life	197	217
Banking	226	96
Other	-117	-189
Operating result[3]	**2,528**	**2,350**
Non-operating items:	-524	-1,461
– of which gains/losses and impairments	-345	99
– of which revaluations	94	-1,499
– of which market and other impacts	-272	-61
Special items	-462	-134
Acquisition intangibles and goodwill	-29	-29
Result on divestments	19	984
Result before tax	**1,532**	**1,710**
Taxation	348	108
Net result from discontinued operations		26
Minority interests	13	-6
Net result	**1,172**	**1,634**

1 NN Group analyses the change in the excess of Solvency II Own Funds over the Solvency Capital Requirement (SCR) in the following components: Operating Capital Generation, Market variance, Capital flows and Other. Operating Capital Generation is the movement in the solvency surplus (Own Funds before eligibility constraints over SCR at 100%) in the period due to operating items, including the impact of new business, expected investment returns in excess of the unwind of liabilities, release of the risk margin, operating variances, non-life underwriting result, contribution of non-Solvency II entities and holding expenses and debt costs and the change in the SCR. It excludes economic variances, economic assumption changes and non-operating expenses.

2 The solvency ratio is not final until filed with the regulators. The Solvency II ratio for NN Group and Netherlands Life is based on the partial internal model.

3 Operating result is an Alternative Performance Measure. This measure is derived from figures according to IFRS-EU. The operating result is derived by adjusting the reported result before tax to exclude the impact of result on divestments, amortisation of acquisition intangibles, discontinued operations and special items, changes to losses from onerous contracts due to assumption changes, gains/losses and impairments, revaluations and market and other impacts. Alternative Performance Measures are non-IFRS-EU measures that have a relevant IFRS-EU equivalent. For definitions and explanations of the Alternative Performance Measures, reference is made to Note 30 in the Annual Accounts.

4 As of 2023, IFRS 9 'Financial instruments' and IFRS 17 'Insurance contracts' were implemented. The comparative figures for 2022 were restated for the impact of IFRS 9 and 17 where relevant.

Netherlands Life

Key figures[1]

amounts in millions of euros	2023	2022 (Restated)
Operating result	1,390	1,429
Result before tax	823	329
Operating capital generation	1,025	1,142
New sales life insurance (APE)	332	353
Administrative expenses	440	465
NN Life Solvency II ratio	196%	191%

1 Please refer to the footnotes under the NN Group financial results on page 27.

The Netherlands Life operating result decreased to EUR 1,390 million from EUR 1,429 million in 2022. This was mainly due to a lower technical result and investment result, partly offset by a higher profit margin and other result. The profit margin increased due to a higher CSM release, and lower losses on onerous contracts. The lower technical result mainly reflects a lower risk adjustment release as a result of higher interest rates, whereas the 2022 technical result included a positive claim variance.

The result before tax increased to EUR 823 million compared with EUR 329 million in 2022. The increase mainly reflects positive revaluations on derivatives used for hedging purposes reflecting accounting asymmetries which were negative in 2022, partly offset by lower revaluations on real estate in 2023. In addition, 2023 reflects lower gains/losses on the sale of government bonds, lower markets and other impacts as well as material special items reflecting the provision of EUR 360 million for the final settlement with interest groups on unit-linked insurance products.

Full-year 2023 OCG decreased to EUR 1,025 million from EUR 1,142 million in 2022, mainly driven by a lower investment return, SCR release and new business contribution as well as less favourable experience variances. This was partly offset by the higher net positive impact of the UFR drag and risk margin release as a result of higher interest rates.

New sales (APE) were EUR 332 million compared to EUR 353 million in 2022, mainly driven by a lower volume of group pension contracts.

Assets under Management DC increased to EUR 32.7 billion compared with EUR 27.8 billion at 31 December 2022, mainly driven by strong net inflows of EUR 2.3 billion and favourable market movements.

Netherlands Non-life

Key figures[1]

amounts in millions of euros	2023	2022 (Restated)
Operating result	364	400
Result before tax	340	291
Operating capital generation	416	280
Gross premiums written	3,843	3,774
Administrative expenses[2]	573	562
Combined ratio:[3]	92.6%	92.3%

1 Please refer to footnotes 1, 3 and 4 under the NN Group financial results on page 27.
2 Including non-insurance businesses (health business and broker business).
3 Excluding non-insurance businesses (health business and broker business).

The operating result for Netherlands Non-life decreased to EUR 364 million from EUR 400 million in 2022, mainly reflecting a lower CSM release, partly offset by strong underwriting results in P&C. The combined ratio for 2023 was 92.6% and within the guidance of 91-93%. This mainly reflects the strong and persistent underlying business performance.

The result before tax increased to EUR 340 million from EUR 291 million in 2022, reflecting higher non-operating items and lower special items, partly offset by the lower operating result. Special items mainly reflect project expenses.

Full-year 2023 OCG increased to EUR 416 million from EUR 280 million in 2022, reflecting the continued strong business performance, supported by a solid pricing environment and benign weather in Property & Casualty (P&C) as well as favourable experience variances in Group Income, and a higher investment margin due to higher interest rates. 2022 included the negative impact of the February 2022 storm and the hardening of the reinsurance market.

The insurance result in P&C reflects a lower negative impact from provisioning for the impact of higher inflation, higher bodily injury claims and lower claims relating to windstorms than in 2022. The combined ratio of P&C improved to 91.5% from 93.4% in 2022.

The combined ratio of Disability increased to 95.2% from 89.8% in 2022, mainly reflecting the aforementioned lower CSM release.

Banking

Key figures[1]

amounts in millions of euros	2023	2022 (Restated)
Operating result	226	96
Result before tax	196	105
Operating capital generation	133	35
Administrative expenses[2]	268	259
Cost/income ratio[3]	51.1%	65.6%
Net operating ROE[4]	19.5%	9.1%
CET 1 ratio[5]	16.5%	15.3%

1 Please refer to footnotes 1, 3 and 4 under the NN Group financial results on page 27.
2 Operating expenses plus regulatory levies.
3 Cost/income ratio is calculated as Operating expenses divided by Operating income.
4 Net operating RoE is calculated as the (annualised) net operating result of the segment, divided by the average of the allocated equity at the beginning of the period and the end of the period.
5 The Common Equity Tier 1 (CET1) ratio is not final until filed with the regulators.

Banking's Net operating Return on Equity (RoE) increased to 19.5% compared with 9.1% in 2022, reflecting a higher net operating result. Operating result increased to EUR 226 million from EUR 96 million in 2022, benefiting from a delayed pass-through on savings accounts as a result of swift policy rate action undertaken by the ECB.

The result before tax increased to EUR 196 million from EUR 105 million in 2022, mainly driven by a higher operating result, partly offset by lower non-operating items.

Full-year 2023 OCG was EUR 133 million compared with EUR 35 million in 2022, mainly reflecting a higher statutory net result and a lower strain from capital requirements. The higher statutory net result is mainly driven by a higher interest result. The lower strain from capital requirements is mainly the result of lower portfolio growth and a higher proportion of state-guaranteed mortgages (NHG), which is only partly offset by the negative impact of house prices. The total capital ratio target for Banking is expected to increase by 1% in 2024 as a result of the upcoming increase of the Counter Cyclical Buffer.

The cost/income ratio decreased to 51.1% compared with 65.6% in 2022. The decrease mainly reflects the higher operating income, partly offset by higher administrative expenses.

The quality of the mortgage portfolio continues to be strong with a non-performing loans ratio of 0.4%. NHG share at the end of 2023 was 32% of Banking's mortgage portfolio.

Insurance Europe

Key figures[1]

amounts in millions of euros	2023	2022 (Restated)
Operating result	468	397
Result before tax	196	118
Operating capital generation	421	388
New sales life insurance (APE)	772	711
Value of new business	219	231
Administrative expenses	596	530

1 Please refer to footnotes 1, 3 and 4 under the NN Group financial results on page 27.

The operating result for Insurance Europe increased to EUR 468 million to EUR 397 million in 2022, up 15.8.% on a constant currency basis. This was mainly driven by higher interest rates impacting the profit margin and investment result. The profit margin also benefitted from lower losses on onerous contracts. This was partly offset by a lower service expense result.

The result before tax 2023 increased to EUR 196 million from EUR 118 million in 2022. This is mainly driven by a higher operating result and less negative revaluations. This was partly offset by negative market and other impacts including assumption changes, while 2022 included a divestment loss following the sale of a closed book life portfolio by NN Belgium.

Full-year 2023 OCG increased to EUR 421 million from EUR 388 million in 2022, mainly reflecting strong business performance and underlying organic growth.

Value of new business decreased to EUR 219 million from EUR 231 million in 2022. This reflects higher value of new business in Central and Eastern Europe, most notably in Czech Republic, Poland and Hungary, which was more than offset by the pension legislation changes introduced in Slovakia as well as unfavourable assumption changes mainly related to Belgium.

Japan Life

Key figures[1]

amounts in millions of euros	2023	2022 (Restated)
Operating result	197	217
Result before tax	129	118
Operating capital generation	107	115
New sales life insurance (APE)	124	275
Value of new business	65	148
Administrative expenses	118	125

1 Please refer to footnotes 1, 3 and 4 under the NN Group financial results on page 27.

Japan Life's operating result decreased to EUR 197 million from EUR 217 million in 2022, due to negative currency impacts.

The result before tax increased to EUR 129 million from EUR 118 million in 2022. This was driven by higher non-operating items, mainly reflecting less negative revaluation results.

Full-year 2023 OCG decreased to EUR 107 million from EUR 115 million in 2022, mainly due to the impact of negative currency impacts. Excluding currency effects, the full-year OCG increased by 2.3%. The lower new business strain was partly offset by the impact of a reinsurance transaction, a lower surrender profit and higher hedge costs.

Value of new business was EUR 65 million, down from EUR 148 million in 2022, mainly driven by lower sales of cash value insurance products following a business improvement order from the local regulator and to a lesser extent negative currency impacts.

Other

Key figures[1]

amounts in millions of euros	2023	2022 (Restated)
Operating result	-117	-189
Result before tax	-152	749
Operating capital generation	-200	-280
Administrative expenses:	212	198

1 Please refer to footnotes 1, 3 and 4 under the NN Group financial results on page 27.

The operating result of the segment Other was EUR -117 million compared with EUR -189 million in 2022, mainly driven by improved operating result of the reinsurance business. The current year included a EUR 5 million non-recurring positive reinsurance result, while 2022 was impacted by the February 2022 storm, a claim from a legacy portfolio and a non-recurring market-related item. The holding result was EUR -160 million compared with EUR -171 million in 2022, reflecting higher investment income and fees mainly driven by the higher interest rate environment in combination with a high level of cash capital at the holding, partly offset by higher holding expenses and higher interest on hybrids and debt reflecting the subordinated notes issued in August 2022 and May 2023.

The result before tax of the segment Other was EUR -152 million compared with EUR 749 million in 2022, which included the EUR 1,062 million gain on the sale of NN IP.

Full-year 2023 OCG was exceptionally strong at EUR -200 million, compared with EUR -280 million in 2022. The improvement was mainly driven by the impact of higher interest rates in combination with a high level of cash capital at the holding, as well as strong results of the reinsurance business. The result of the reinsurance business mainly reflects a favourable experience variance and lower capital consumption.

4 Creating value for our stakeholders

We aim to address our customers' real needs, empower our people to be their best, and do business with the future in mind so we can meet our goal of continuing to contribute to a world where people can thrive for many generations to come.

Our values

To fulfil our purpose of helping people care for what matters most to them, we are guided by our three values. They are the foundation of our culture, serve as a compass for decision-making, guide us in all our interactions and are an integral part of our strategic framework, with the aim of creating sustainable long-term value for our stakeholders.

Care
We empower people to be their best and we respect each other and the world we live in. We work hard to meet and exceed our customers' expectations. We respect human rights, promote equal opportunities and increase inclusiveness.

Clear
We communicate proactively and honestly and we are accessible and open. We offer our customers trustworthy advice using understandable language. We encourage our employees to be easy to approach, attentive and responsive. We also strive to minimise complexity in everything we do.

Commit
We act with integrity and we do business with the future in mind. We take responsibility for our actions and deliver on our promises. We value long-term objectives over short-term gains and carefully balance the interests of our stakeholders.

Read the full NN statement of Living our Values on the NN Group website.

Raise awareness
Living our values enables us to carefully consider the interests of all our stakeholders. NN's commitment to sustainable long-term value creation is anchored in the NN statement of Living our Values. Every NN employee, including those of subsidiaries and anyone representing NN in any capacity, is required to act in accordance with both the letter and intent of the statement.

Engage
We engage employees across all NN countries in how we live our values through our annual NN

Our values continued

Values week. Over 1,550 colleagues (2022: 1,483) including more than 200 from our international units (2022: 192) registered for sessions in the Netherlands in 2023. The survey found that 78% of participants felt Values week provided a good opportunity to reflect on our values, 64% felt it stimulated discussion and 99% would encourage colleagues to join the next edition.

Our Management Board and senior leaders are important role models in living our values and they actively participate in both Values week and our Your Community Matters NN volunteer week.

Embed

To encourage a values-driven culture and ensure all employees know and live the values throughout their NN careers, the values are incorporated into our HR policies and processes. They form the starting point for hiring new employees, are embedded in our i-LEAD profile and HR Framework Standard, and form part of our Key Talent Management process. They are included in the selection, recruitment and development activities of the NN Group Traineeship.

The Executive Board's remuneration targets include several strategic targets related to our values and sustainability objectives. Read more on pages 119–120.

We have processes in place for employees who feel our values are not being lived up to or who have questions about our values, and for assistance in dealing with dilemmas. Employees can consult their manager, their compliance officer, and the Values & Code Desk of NN Group or of their business. They can report potential violations of the NN statement of Living our Values and/or a breach of the NN Code of Conduct confidentially, and anonymously, through our reporting system, Speak Up.

Monitor

The values are well-embedded in NN's culture and its processes. We monitor the Living our Values programme in our bi-annual employee engagement survey. In the survey, the questions on our core values met the expectation that we score 8 or higher. See the chart on this page for more information.

We measure the perception of our values among our customers and the general public through the Global Brand Health Monitor (GBHM). The values are part of our brand, and over 50% of NN customers in almost all markets (totally) agree with their alignment to the NN brand. There are two exceptions where there are lower percentages: in Japan (care 38%, clear 36%, commit 30%) and the Netherlands (care 33%, clear 45%, commit 37%), reflecting the lower market average scores for these countries. Despite this, most markets have remained relatively stable across the three values when compared to Q4 2022 and the all-market average has remained stable over the past three years. When it comes to the general public's perception of our values, most markets continue to show stable scores in 2023 compared to the GBHM Q4 2022 score. According to the GBHM, there were decreases perceived by the general public on values in Greece, Japan and the Netherlands. These fluctuations will be addressed with the countries concerned and any downward trends will be assessed.

The Management Board and the Living our Values Project Group use the outcomes of the monitoring results to decide areas for improvement and where we need to focus attention.

Evaluate

Each year, we provide the Management Board with a report detailing insights into the Living our Values programme, and highlight areas of attention and concern and recommendations for improvements. The report is approved by the Management Board which is also responsible for incorporating and maintaining the values within the company and its affiliated enterprises. The report is also shared and discussed with the Supervisory Board and Central Works Council.

We regularly review our values and revise if necessary to ensure they remain relevant and aligned with stakeholder expectations around our culture. We last updated the statement in 2020. The values continue to be a solid foundation of our culture. In light of the introduction of NN's new strategic commitment on becoming a digital and data-driven organisation, we will assess in 2024 if any changes are needed.

Monitoring how we live our values

Employee engagement survey questions on our values	2023	2022
Care: 'In our team we genuinely care about our customers and treat them with respect'	**8.4**	8.4
Clear: 'In our team we are easy to approach and communicate proactively and honestly'	**8.3**	8.3
Commit: 'In our team we take responsibility for our actions and deliver on our promises'	**8.4**	8.3
'How connected employees feel to our values'	**8.2**	8.2
'Employees are confident about NN Group taking action against any kind of misconduct or unethical conduct at work'	**8.3**	8.3
'Employees feel there is open discussion within their team on the consistency of action taken regarding our values'	**8.1**	8.0
'My manager consistently acts as a role model when it comes to living our NN values'	**8.3**	8.3

Adding value for our customers

Our customers are the starting point of everything we do. From students and young professionals to business owners and pensioners, we help them deal with expected and unforeseen changes by offering financial products and services that meet their needs. Through this commitment, we help our 19 million customers care for what matters most to them.

We operate in a changing world: people live longer, digital technologies are evolving rapidly and climate change is of growing concern. We help our customers navigate this environment by providing products and services that address both their changing needs and societal issues, using our digital capabilities to meet their expectations for a seamless digital experience.

Measuring our progress

As a customer centric-organisation, we listen to our customers, so that we can learn about their preferences, views and needs. Our quarterly Global Brand Health Monitor (GBHM) tracks how our brand is perceived externally and gives us insights into the performance and development of our brand.

Our NPS-r

The Net Promoter Score (NPS), which is the key metric in the GBHM, measures the likelihood of customers recommending our products and services to their colleagues, friends or family. The relational NPS (NPS-r) measures the strength of the customer relationship and provides insights into customer satisfaction over time. We use NPS-r to compare the results of our 11 business units with their respective market averages at year-end. In 2023, our Dutch business scored on par with the market average NPS-r. As a whole, our ten international businesses combined scored above market average, with seven out of ten markets scoring above or on market average.

We are on track to have all business units score above the market average by 2025, as per our strategic targets. Because NPS-r scores fluctuate over time, we began reporting an aggregated score in 2023, since that is more stable and better reflects our efforts. We also invested in a better understanding of the drivers of our NPS-r and how we can improve and stabilise scores across our business units. We implemented an integrated driver study for all businesses to gain additional valuable insights. In line with our Dutch units, in 2023 we began carrying out the GBHM on a quarterly basis for all international business units (instead of twice a year) to help us monitor our efforts more closely. We also plan to continue the integrated driver study to gain additional valuable insights. These efforts will assist us in achieving our NPS-r target and our ambition of being known for our customer engagement.

Improving the customer experience

Through our brand positioning and customer experience, we want to show we can help our customers face any change with confidence.

In the Netherlands, unit-linked products have received negative public attention since the end of 2006. We have taken this criticism to heart, as our aim is to support our customers as best we can. In 2024, we announced a final settlement with interest groups on unit-linked products sold in the Netherlands. With this settlement we provide clarity to our customers. Read more in Note 43.

In February 2023, NN Life Japan received a business improvement order from the Financial Services Agency (FSA) relating to the improvement of internal controls, governance and compliance in relation to local sales practices.

Digitalisation and AI

We can do more to ensure we are known for our customer experience, and technology and data can help us realise our ambition. Through digitalisation, we can engage with our customers when and where they need, to manage their claims, share insights into their pension or mortgage, and update personalised information. To do so, we will continue to focus on data and digital transformation, process standardisation and efficiency.

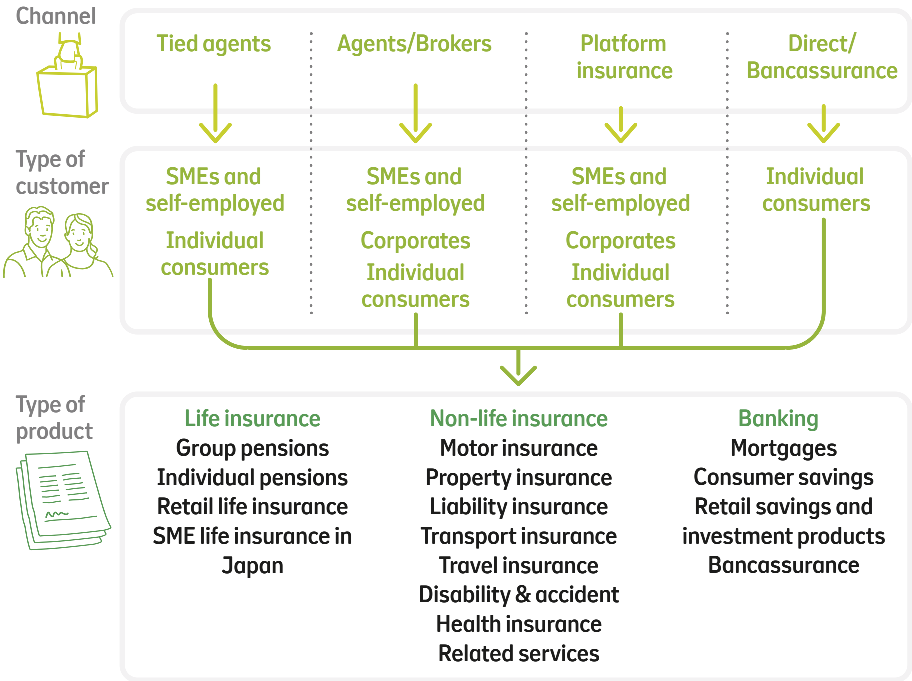
As well as the opportunities new technologies present, there are also risks. NN established an Artificial intelligence (AI) framework to put necessary safeguards in place and to prepare for upcoming EU regulation on AI. NN is committed to sustainable and ethical use of technology, and maintaining customer trust. We will refine our AI Framework to ensure that NN is compliant, and that this Framework is integrated in our Effective Control Framework (ECF).

AI helps optimise our processes and improve our work in many areas, including freeing our agents to spend more time helping customers. For example, our automated call logging recaps conversations with customers using a closed version of ChatGPT that is safe and compliant with NN standards, allowing our call agents to focus on questions that really matter to customers. The tool was first implemented at our banking business and rolled out to other call centres in the Netherlands. Read more on page 21.

AI has the potential to prevent and detect fraud and our Fraud Risk Model (FRM) identifies various levels of potential risk for colleagues to investigate. Our Bodily Injury claims division uses machine learning to support claim handlers with lump-sum reserve estimations and ChatGPT to summarise incoming emails. We are exploring other use cases in our businesses.

Efficient digital processes are also important for (intermediary) advisors who

Our customers continued



report changes and claims on behalf of our SME client base. Our Property & Casualty (P&C) intermediary implemented and promoted digitalisation. Via active channel management towards adviseur.nn.nl, digital input increased by 17 percentage points in 2023 compared to first quarter 2022. The customer effort score (CES) improved significantly, showing advisors experience less effort doing business with us.

Netherlands Life is working to simplify its data landscape, decommissioning applications including its mainframe platform. This makes our IT landscape clearer and more affordable, and we can provide better customer service.

Innovation

We launched our corporate venture builder in the Netherlands. NN Ventures invests its innovation resources to launch and scale products and services that are complementary to the core NN portfolio, with a focus on developing products for the pension market and on embedded insurance. Through Zorggenoot, we aim to help customers in the Netherlands find, organise and finance informal care for their loved ones. Zorggenoot, which has a helpline and platform offering workshops, is offered free of charge to organisations with Nationale-Nederlanden collective health insurance. It will be available for NN pension customers in 2024 via the Human Capital Planner (HCP).

Customer communication

We aim to create an inclusive customer experience by ensuring diverse representation in our communications, advertising and expression, and to tailor our products and services to our diverse customer base. In line with our NN value clear, our businesses in the Czech Republic, Hungary, Slovakia, the Netherlands and Poland are continuing to convert customer communications to plain, clear language. In the Czech Republic, the Netherlands and Slovakia, for example, this means all customer content should be written at an intermediate (B1) level.

We want to offer our customers more control and self-service. NN Belgium is digitalising its inbound and outbound communication, with which customers can receive messages digitally.
We have begun the process of updating our website design to meet the European Digital Accessibility Standards by 2025. Nationale-Nederlanden Poland was the first insurer to join the Business Accessibility Forum, which aims to make digital environments more inclusive for its customers.

Customers can lodge complaints or concerns about our products and services via our local business unit websites or other local channels.
For our businesses in the Netherlands, Belgium, Poland and Romania, this is outlined on the local website.
For NN Czech and NN Hungary, complaints can be shared via all channels and are forwarded to the complaints department.

Helping customers address societal and environmental challenges

We aim to contribute positively to the well-being of our customers and communities by addressing societal needs and reaching more vulnerable groups. Our products and services offer solutions for our customers around sustainable living, health and well-being, and insuring against climate change-related risks.

Healthy living

We are developing relevant protection and health products and services to respond to the rise of mental health problems, including solutions to increase the focus on employee mental health. Read more on page 22.

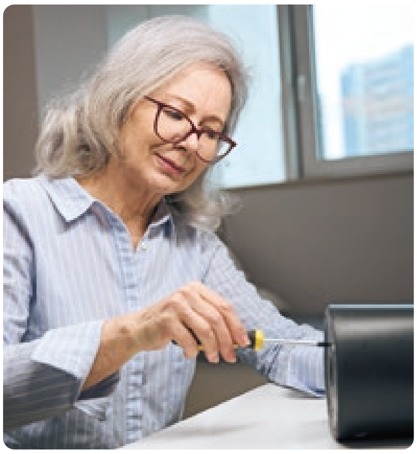
NN Hellas launched a health product, available through NN's bancassurance channel, which supports customers in case of hospitalisation and offers various allowances for hospital stay, surgery and home recuperation. The product is valuable to people living in small cities without access to hospitals or the means to cover their hospital stay. Nationale-Nederlanden Poland introduced a new product for people with cancer to get care abroad.

Financial well-being

The number of people reaching retirement age is increasing and we support our customers in understanding their pension products. NN Belgium introduced a pension passport, a physical booklet supported by a digital version, that allows customers to assess whether they are adequately insured. In the Netherlands, we are helping customers navigate the changes

Making sustainable damage repair the norm

As part of our ambition to support the transition to a sustainable society, Netherlands Non-life started a series of initiatives for sustainable damage repairs. A glass repair pilot offered customers the opportunity to upgrade to better insulated glass, saving on energy consumption and CO_2 emissions. We will offer this as the new standard for our home insurance from the beginning of 2024. In addition, NN brand OHRA announced its intention in 2023 to make sustainable damage repair the norm for its customers. Their approach is supported by research from sustainability consultancy Impact Institute that found that repairing damage has 90% less climate and biodiversity impact than complete replacement in the case of kitchen cabinets and 99.99% less for kitchen countertops. The difference lies mainly in reduced material use. In the coming years, OHRA will aim for at least 65% sustainable recovery of claims on home insurance policies. For repair to building damage, sustainable recovery was used in 44% of claims in the second half of 2023.



following pension reforms. Nationale-Nederlanden and BeFrank organised education sessions for advisors and we organised a round table meeting together with AZL, De Nationale APF and knowledge partner Netspar to support fund managers. We also developed a digital tool, Pensioen Pulse, which gives employers an indication of the financial consequences of the new pension legislation. Advisors can also use the tool for pension schemes from other providers. Pensioen Pulse is part of the HCP, our online service that offers employers and pension advisors relevant insights based on data showing the use of parts of the pension scheme and the pension behaviour of employees.

NN in Turkey aims to invest in the future of the country's young people through helping families start a pension plan for their children under 18 years of age. The new product also aims to increase financial literacy and NN matches contributions up to a set amount.

We help customers who currently face, or who are in danger of facing, financial distress. In the Netherlands, we refer customers to Geldfit, an initiative by the National Debt Relief Route, which refers them to appropriate support organisations, and we also offer budget coaches or job coaches, and have a social collection policy. In 2023, we offered as a pilot a free training to the HR directors of our pension clients on how to recognise employees who are under financial stress. Following positive feedback from the participants (9.0), we aim to continue the workshop in 2024.

Sustainable planet

Climate change is one of the most pressing risks of our time. Our products and services include solutions that contribute to the transition to a low-carbon economy or help insure our customers against climate-related damages. Our sustainable mortgage provider, Woonnu, supports customers in making their homes more sustainable by offering financing solutions and expert advice. Online platform Powerly provides tailored advice on sustainable living and has already helped close to 120,000 customers over the past two years. NN Bank offers customers a digital analysis with insights on how to make their home more sustainable. In Greece, we launched an investment product that includes options that promote environmental and/or social characteristics, while also protecting the customer and their family in case of an accident. In the Netherlands, our non-life businesses are aiming to make sustainable repair the norm. Read more in the case study on this page.

Sustainable mobility

We continue to offer OHRA's prepaid per-kilometre car insurance and electric vehicle insurance, including NN Belgium's electric bike insurance. In 2023, we wound down our partnership with Hello Mobility and closed the SME service Electrifleet due to a lack of interest. We will maintain the tool to calculate the costs of ownership and electric vehicle emissions which was part of Electrifleet and in 2024 expand this tool to private users. We are exploring new products and services to support our customers in shifting to more sustainable mobility solutions.

Empowering our people to be their best

Our people are our greatest asset: together we help people care for what matters most to them, based on a culture of collaboration, growth and inclusivity. We are driven by our values, purpose and ambition to contribute to making the world a better place for people and planet.

It is vital to the success of our company that we foster an open, safe, inclusive and stimulating environment for our employees. We therefore place great emphasis on living our values, promoting professional development, and driving diversity and inclusion (D&I). We aim to offer our employees an environment where they can develop and prepare for the future world of work.

Our NN culture

Culture plays a crucial role in shaping our work environment, driving creativity and innovation, and helping to attract and retain top talent. Our culture is shaped by our employees, who represent more than 90 nationalities across the 11 countries where we operate, as well as by our values of care, clear, commit that guide our work. In 2023, our workforce increased to 16,364 people (2022: 16,104). The employee turnover rate was stable at 11.8% (2022: 12:1%).

All ten of NN's International Insurance business units were certified as Top Employer in 2023, with NN Group also certified as Top Employer in Europe. The Top Employer organisation audits companies for best-in-class HR in the areas of Strategy, Shape, Attract, Develop, Engage and Unite.

Employee engagement

We measure our people's connection to their work and our company, and how we are progressing against our goals, through our bi-annual employee engagement survey. By better understanding our employees' perceptions, we can improve our working environment.

The overall engagement score in 2023 was 7.8 (2022: 7.9 in 2022, financial industry benchmark: 8.0). We saw strong results for how employees feel the work they do is valued (Recognition), that their values match those of NN (Organisational fit), and for feeling they have the right resources and support to be successful working in a hybrid set-up (Hybrid work). We see room for improvement in the areas of collaboration between departments, process efficiency and workload. Business units and teams will make local action plans to address these areas. We also monitor how well we live our values via the engagement survey. Read more on page 33.

NN way of working

Our hybrid way of working enables employees to find the combination of remote and office work that works best

Our workforce

+/-16,000 Employees

90+ Nationalities

	Women %	Men %
Total workforce	50	50
Management positions	40	60
Senior management positions	40	60
Management Board	38	62
Supervisory Board	43	57
New hires managers	42	58

Age of employees

	%
< 30 years old	11
30-50 years old	60
> 50 years old	29

for them and their team. By placing responsibility with teams and their managers, we recognise the need to balance flexibility, autonomy and well-being. We measure satisfaction with the NN way of working in the Netherlands through regular surveys, and use the insights gained to make adjustments where needed. We see that employees are fully accustomed to hybrid working and continue to be satisfied with the NN Way of Working policy, with a survey in early 2023 scoring it 8.5 (2022: 8.1). Compared to survey results before the Covid-19 pandemic, hybrid working has increased colleagues' job satisfaction (42% of respondents) and work-life balance (66% of respondents).

On average, employees come to the office 1.4 days a week (2022: 1.2) and managers 2.1 days (2022: 1.9). Some three-quarters of colleagues say their team has made agreements about when they work in the office and two-thirds have made agreements about fixed days in the office. Colleagues find meeting each other important (average score 8.2) and indicate that coming to the office plays a role in connecting with each other and coordinating work effectively.

Well-being

To support our colleagues to feel healthy, energetic and at their best, we offer resources such as work-life coaching and vitality-themed webinars. In the Netherlands, colleagues can request a vitality budget to improve their well-being in a way that suits them.

In 2023, we began offering Zorggenoot to our employees in the Netherlands. More people (in the Netherlands, 1 in 4) care for a dependant loved one alongside doing a job, which can be very challenging. The Zorggenoot platform helps people organise and finance informal care for their loved ones. Read more on page 35.

Collective labour agreement

For employees in the Netherlands, we reached an agreement in December with the trade unions CNV Vakmensen, De Unie and FNV Finance for a future-driven collective labour agreement (CLA) for the period 1 January 2024–31 December 2025. For the 99% of internal employees covered by the CLA, the agreements include a collective salary increase, a one-off payment, a new Social Plan, continuation of the Vitality plan and a generational scheme to support sustainable employability.

In our international business units, we have a CLA for all employees in Belgium, Greece and Romania, while in other units we align with NN Group policy and local benchmarks to stay competitive in each market.

Employee representation

Our works councils advise management on important decisions that can affect employees and ensure alignment with our company strategy. Members are elected by employees every three years to represent and promote their interests in most NN business units. In the Netherlands, business unit councils elect representatives to the Central Works Council, which engages with management on matters related to all colleagues in the Netherlands. Our European Works Council is consulted on issues relevant to employees across multiple European countries. Topics discussed by most works councils in 2023 included digitalisation, AI, re- and upskilling, and strategic workforce planning.

Workforce transformation

With a rapidly evolving macroeconomic and technological landscape, NN must ensure our employees' skills match our strategic needs. This is an area for continuous attention as we need to identify the skills needed on an ongoing basis and take action whenever a skills gap is detected. With our strategic workforce planning, we aim to assess the existing skills in our company, identify what is needed for the future and take action to close any gaps.

Digital capabilities

To enable our digital transformation, we supported employees to further adopt artificial intelligence (AI) tools such as ChatGPT in order to increase individual efficiency and improve the customer experience. More than 7,000 colleagues use our closed ChatGPT environment across our business units and a series of workshops have helped familiarise colleagues with the tool.

Our guilds model, launched in the Netherlands in 2021, stimulates professional and personal development, with professionals working in the same field at various levels sharing knowledge with each other. We invest in developing craftsmanship, as well as attracting and retaining tech talent. In 2023, we introduced a new way of working in empowered product teams, which focus on creating products based on objectives and key results (OKRs). By empowering colleagues to take more responsibility for their own development, they can become the 'leader of their own career'.

Empowering employees on sustainability

We believe that by understanding the global trends society faces, and the impact these developments may have on our customers and business, we can better contribute to sustainable long-term value creation. To engage colleagues in our sustainability approach and strategy, we developed a series of e-learning programmes and an interactive game covering topics such as the basics of climate change, EU taxonomy, Sustainable Finance Disclosure Regulation (SFDR) and net-zero. Approximately 1,500 colleagues enrolled in at least one of the sustainability offerings.

Leadership development

To support leadership development, we focus on coaching the skills of leadership, personal leadership, change management and professional expertise through a combination of experience, exposure and education. Through our tailor-made leadership learning portfolio, LEAD, we aim to cultivate and enable leadership potential in every level and part of our organisation. Around half of our senior leadership group started LEAD 4 in 2023, with the rest to follow in 2024. LEAD 4 is interactive and allows participants to learn from and collaborate with their peers.

Level	Description
LEAD 1	Focuses on strengthening leadership skills and targets leaders at an early stage in their career.
LEAD 2	About accelerating the potential of our young talent.
LEAD 3	Designed for future generations of leaders and provides a broad picture of the company.
LEAD 4	A four-month leadership development programme, designed to boost future leadership behaviour and support our most senior leaders in driving sustainable long-term value creation and designing a shared future for NN. Introduced in 2023.

A select group of our senior leaders also participated in a training programme with the Massachusetts Institute of Technology (MIT), in support of our aim to build our data and digital capabilities for the future.

A historical perspective on equal pay

In the past, female employees often had to negotiate for a fairer salary. In our historical archives we discovered the story of Miss Fleischer, who in 1919 applied for the position of chief typist at de Nationale. The management hired her immediately with a starting salary of 100 guilders. However, she responded that she could not accept that offer, 'unless my starting salary is set at 125 guilders'. She also issued an ultimatum: 'If I have not heard from you before 12 o'clock tomorrow, I assume that you have renounced me.' The management, reluctantly, agreed.

Since then, lots has happened to reduce inequality. At NN, we firmly believe in equal pay for equal work, irrespective of gender. Our latest equal pay analysis in 2023 shows that, overall, men and women in the same job family and compensation grade, with similar experience and age, receive fair and equal pay. Read more on the following page.

Employees of De Nederlanden van 1845, pictured in 1920.

Diversity and inclusion

Our approach to D&I is about including everyone. As outlined in our NN statement on Diversity and Inclusion, we focus our efforts around three objectives. The first, on having an inclusive work environment, is about increasing equality in our teams, driving change in our processes and policies for the employee journey, and encouraging everyone to be who they are. The other two objectives are around an inclusive customer experience and supporting the diverse communities in which we live and work.

In 2023, we held our first D&I survey, inviting all employees including senior management to share their perceptions and experiences. With 3,110 participants, or 18.6% of those invited, the results are a small sample of our employees' opinions. We still received valuable information on marginalised groups within NN and if they feel included, for example, the LGBTQIA+ community, neuro and physically diverse people, and those from diverse cultural backgrounds. Of the respondents, 42% feel fully included at NN (Dutch national benchmark: 27%). Their responses will help us shape the our D&I roadmap for 2024 and beyond. Looking ahead, we aim to further improve the employee journey and will continue to use data-driven insights to promote an inclusive employee experience. We aim to improve data quality so we can better monitor how we are progressing against our objectives.

In 2023, we also took steps to further expand, mature and measure our D&I activities, through research, creating awareness and contributing to changing policies and systems, across our five D&I focus areas of gender, LGBTQIA+, generations, neuro & physical diversity, and cultural diversity.

Senior management

Like with our entire workforce, we aim for diversity of thought in our senior management to ensure a wide range of relevant perspectives and views. Diversity across our boards and local management teams is a point of continuous attention. We see opportunities for improvement as we strive for a balanced representation in nationality, gender, age, experience and skills. We have included principles and targets in our appointment procedures to reflect this. We focus on actionable development of the female talent pool, succession planning, recruitment and offboarding to support our target of more than 40% of senior management positions being held by women by 2025. We also aim for a gender balance in our LEAD portfolio and trainee programme. In 2023, the percentage of women in senior management positions remained at 40% (2022: 40%). To meet this target, our focus on succession planning remains important.

Gender and equal pay

Our Women in Leadership Network draws attention to female empowerment in various ways, such as through its annual mentoring programme. In this way, the network contributes to the growth of the female talent pool within our company. On 7 March, about 100 of our female senior leaders joined a special event in The Hague to mark International Women's Day. The one-day event focused on building networks, discussing personal experiences and empowering each other.

We were included in the Bloomberg Gender Equality Index (GEI) for the fifth time in a row, with an overall score of 80.06[1] (2022: 74.78). We also sponsored the AI Diversity Leader award at the annual Women in AI Netherlands gala, which recognises a woman who has contributed to making AI more diverse, equitable and inclusive.

Each year, we analyse NN Group's pay for all business units with a focus on gender equality. For 2023, the NN Group gender pay gap is 28% (2022: 29%). Having more men than women in higher pay grades, and more women than men in lower pay grades, remains the main cause of this gap. Our in-depth analysis of equal pay for equal work shows similar results to 2022.

Management is committed to addressing any (unexplained) differences, and to taking appropriate actions to ensure equal remuneration for equal work. To further improve the balance between what men and women are paid within NN, we closely monitor the compensation packages for new hires and newly promoted women on an ongoing basis. We also take this component into consideration during the annual pay review process.

To further accelerate the process of closing the gender pay gap, the Pay Transparency Directive was adopted by the European Parliament in 2023. NN Group has started the implementation process and is committed to implementing all requirements of this Directive before it is integrated in national legislation of the European Member States.

LGBTQIA+

In 2023, we once again sponsored Rotterdam Pride, co-hosting the Pride March and commissioning a new artwork by an LGBTQIA+ talent. We invited 20 D&I ambassadors from our 10 international offices to join Rotterdam Pride, including training on gender identity and sessions to learn from each other's local experiences, legal frameworks and needs. We also began a partnership with Workplace Pride, contributing to research on the policies and practices we could improve for LGBTQIA+ employees.

Generations

With more young people joining the NN Group workforce, we need to ensure our young professionals feel included and taken care of, and that they connect with other generations within NN Group. Our NN Young Professionals network connects and develops people at NN up to the age of 35 through events such as networking, sports, an international business trip to one of our business units, and an annual conference.

Neuro & physical diversity

Our dedicated recruiter places new colleagues with a neuro or physically diverse profile. In 2023, we hired three people with such a profile in our Dutch business units. We aim to improve this number in 2024, including through more awareness of the need to create space and time for the onboarding of neuro and physically diverse employees. We invited an accessibility specialist to assess our headquarters in The Hague with the findings identifying opportunities for improvement in our parking garages, lift areas and accessible bathroom facilities, which we have since addressed together with the building's owner. We also hosted an awareness webinar on neurodiversity at NN Values week, attracting employees who managed someone with a neurodiversity or who were themselves neurodiverse. The feedback was that awareness is still very much needed as well as recognition of the talents that come with a neurodiversity.

Cultural diversity

As an important employer in the Netherlands, we want to know if we reflect the composition of Dutch society. In 2022, we asked Statistics Netherlands (CBS) to carry out its Cultural Diversity Barometer on us. The survey showed that NN's employee base consists of 72% with a Dutch background and 28% with a background in the rest of Europe and beyond. Overall, the NN workforce was found to be more diverse than the average Dutch workforce. Employees with a non-Dutch background were less represented in longer tenures and higher salary scales. The percentage of employees with a migration background is also less among those over 40 years of age. The data provided us with valuable insights and a direction in which to tailor our D&I efforts, for example in attracting bi-cultural talent, increasing awareness within the organisation, and maintaining open dialogue.

Our Cultural Diversity Network, which was launched in 2022, aims to enhance a positive attitude towards cultural diversity. It hosted a dialogue event in May 2023 in connection with the UN World Day for Cultural Diversity.

International initiatives

In all our markets, D&I ambassadors create plans based on their local context and maturity level. We define maturity by metrics such as the formation of networks, management support and educational activities.

Colleagues and senior management participated in unconscious bias training in our business units in the Czech Republic, Hungary, Japan, Slovakia and Spain. NN Hellas colleagues learned about accessibility for people with disabilities, and Nationale-Nederlanden Poland hosted webinars on mental health, culture and age diversity. NN Slovakia organised its Mini Tech MBA for the second year, which is designed to equip female employees for a career in IT. Nationale-Nederlanden Spain added a D&I clause to their supplier contracts to uphold our values throughout the supply chain.

In 2023, we launched an International D&I Network. The network's board comprises representatives from five NN International business units. The network developed an in-house inclusive partnership training for colleagues across NN Group and will host regular training sessions and events to help colleagues expand their community and bring together diverse perspectives.

1 Scores based on year-end 2021 figures.

Creating value for investors and beyond

We are committed to delivering strong and sustainable capital returns for our shareholders. We actively engage with our shareholders and bondholders, and aim to be clear and transparent on our strategy, financial results and operating developments, so they can make informed investment decisions.

Resilient balance sheet and strong business performance

In 2023, we have seen volatile financial markets with increased concerns about illiquid assets, such as real estate and mortgages, after several adverse liquidity events materialised in, for example, the US and Switzerland. During 2023, we saw negative revaluations on real estate, mostly driven by higher interest rates. However, we have high occupancy rates in our portfolio and we also have proven ability to (partly) pass on inflation into our rental income. The valuation of our mortgage book can be volatile due to different re-pricing dynamics on the swap market and commercial mortgage rates. This is not a major concern, as we believe these dynamics will normalise over time, furthermore we see very marginal default risk in our mortgage portfolio. In early 2024, we announced the milestone of a final settlement with interest groups on unit-linked insurance products sold in the Netherlands. The total settlement involves an amount of approximately EUR 300 million. Read more in Note 43.

The reported Solvency II ratio for NN Group was 197% at the end of 2023, stable versus the end of 2022. We have been able to counter the negative effects for NN Group's Solvency II ratio of the unit-linked settlement and adverse market movements during 2023 by securing two attractive longevity transactions in December 2023. Therefore, 2023 was another year where we demonstrated active management of our balance sheet. We have expressed comfort in our continued strong capitalisation by announcing a 15% increase in our ordinary dividend per share, reflecting the unit-linked settlement, the attractive longevity transactions and the optimisation of the use of capital within the group, while increasing our annual share buyback to at least EUR 300 million.

The operating capital generation (OCG) in 2023 came in at EUR 1.9 billion, ahead of our EUR 1.8 billion target set for 2025. Besides strong business performance, 2023 also included some favourable experience mostly in Netherlands Non-life and Other. Nevertheless, we have raised our OCG target for 2025 to EUR 1.9 billion as we believe both Netherlands Non-life and Bank can outperform on their target initially set.

Driven by the strong business performance and capitalisation, we also have increased confidence in our free cash flow (FCF) delivery. As a result, we have stated an explicit FCF target of EUR 1.6 billion for 2025, which compares

Our enhanced proposition to investors

Resilient balance sheet

Group SII ratio
197% (31 Dec 2023)

Higher capital quality
- Lower UFR benefit
- Reduced longevity risk and final settlement of unit-linked issue

Robust investment portfolio
- High quality real estate portfolio
- Solid mortgage book, with no material default experience

Low leverage ratio

Strong business performance

Financial targets 2025
Upgraded

OCG[1] target:
Upgrade: EUR 1.9bn[2]
previous: EUR 1.8bn

Free cashflow target:
Explicit: EUR 1.6bn
previous: implicit EUR 1.5bn, based on mid single-digit growth from normalised EUR 1.2bn in 2021

Step-up in capital return

Dividend per share
EUR 3.20 (+15% vs 2022)
- Continues to be progressive
- Intention to remove scrip

Annual share buyback
At least EUR 300m
and additional excess capital to be returned unless used for value-creating opportunities

Upside to capital return
if NN Group SII ratio is sustainably above 200%

1 Operating Capital Generation; defined as Own Funds generation (before eligibility) and SCR release (at 100%).
2 Based on normal weather and normalised mortgage margins, otherwise financial markets on 1 January 2024.

to a previous implicit target of mid single-digit growth versus the normalised 2021 FCF of EUR 1.2 billion. As such, this represents an increase of approximately EUR 100 million, which has effectively been passed onto shareholders by the increase in capital return.

Capital return policy

Going forward, NN Group intends to pay a progressive ordinary dividend per share and execute a recurring annual share buyback of at least EUR 300 million. Additional excess capital is to be returned to shareholders unless it can be used for value-creating opportunities. A progressive dividend means a growing dividend per share. We decide on the amount of the dividend each year depending on the circumstances at the time, but the long-term growth pattern of the annual dividend is ultimately linked to the long-term growth prospects of FCF of around mid single-digits. When proposing a dividend or announcing a share buyback programme, NN will take into account its leverage and liquidity position, any regulatory requirements, as well as strategic considerations or expected developments in these areas.

Dividends

Dividends are paid either in cash, after deduction of withholding tax if applicable, or ordinary shares, as elected by the shareholder. Dividends paid in the form of ordinary shares will be delivered from NN Group treasury shares or issued at the expense of the share premium reserve. We intend to neutralise the dilutive effect of the stock dividend through repurchase of ordinary shares. On 25 September 2023, NN Group paid an interim dividend of EUR 1.12 per ordinary share, which was calculated in accordance with the NN Group dividend policy. The proposed 2023 final dividend of EUR 2.08 per ordinary share plus the 2023 interim dividend of EUR 1.12 per ordinary share gives a total dividend for 2023 of EUR 3.20 per ordinary share. This represents an increase of 15% compared to the 2022 dividend per share.

Share buybacks

On 29 February 2024, NN Group announced it would open its market share buyback programme for an amount of EUR 300 million. The programme will be executed within 12 months, commencing on 2 April 2024. The share buyback will be deducted in full from Solvency II Own Funds in the first half of 2024 and is estimated to reduce NN Group's Solvency II ratio by approximately 3 percentage points. In addition to this share buyback programme, NN Group intends to repurchase shares to neutralise the dilutive effect of any stock dividends. NN Group intends to cancel any repurchased NN Group shares under the programmes unless used to cover obligations under share-based remuneration arrangements or to deliver stock dividend. NN Group reports weekly on the progress of the share buyback programmes on its corporate website. In 2023, 10,000,000 NN Group treasury shares that had been repurchased under the share buyback programmes were cancelled.

Share capital

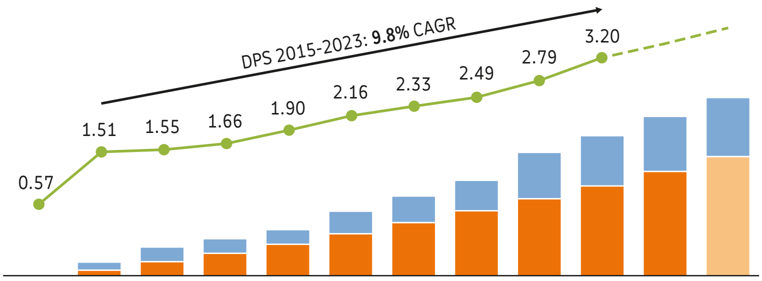
The authorised share capital of NN Group N.V. consists of ordinary shares and preference shares. Currently, only ordinary shares are issued, while a call option to acquire preference shares has been granted to NN Group Continuity foundation (Stichting Continuïteit NN Group). Read more on pages 101–102.

Continued delivery on capital return to shareholders

We combine our strong business performance with a clear capital return policy. Thanks to the long-term growth profile of OCG and FCF, we are able to consistently provide our shareholders with attractive and sustainable capital returns. We have a proven track record of delivering on this commitment. Since NN Group's initial public offering (IPO) in 2014, we have paid and declared EUR 10 billion to our shareholders through dividends and share buybacks.

We expect to continue to deliver on our capital return policy, with a progressive dividend and a share buyback of at least EUR 300 million per annum.

Accumulated pay-out to shareholders[1,2] (EURbn)



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
Share buyback	–	500	417	–	–	500	250	250	1,000[3]	250	300	
Dividend	–	349	536	526	570	664	705	741	763	804		

Total 2015-2024
EUR 3.5bn
EUR 6.6bn
EUR 10.0bn

1 Dividend per share based on declared amounts in book year, total dividend amounts are shown on a cash out basis; 2024-2025 dividends in this graph are indicative and not based on realisations.
2 Total share buyback amount shown in the year that the programme commences; 2024-2025 share buybacks are based on EUR 300m, in line with our capital return policy of at least EUR 300m annual share buyback.
3 Additional share buyback of EUR 750m on top of the regular EUR 250m, reflecting the net proceeds of the sale of NN IP minus the funding for the acquisition of MetLife Greece and Poland.

Investors continued

Major shareholders

According to the Autoriteit Financiële Markten (AFM) register as at 29 February 2024, the following shareholders had an interest of 3% or more in NN Group on the notification date:

- BlackRock, Inc. 6.51% (4 September 2023)
- Norges Bank 5.03% (17 March 2023)
- Thornburg Investment Management 3.00% (3 April 2023)

Authorised and issued capital (in EUR million)

	Year-end 2023	Year-end 2022	Year-end 2021
Ordinary shares			
– authorised	**84**	84	84
– issued	**34**	35	38
Preference shares			
– authorised	**84**	84	84
– issued	**0**	0	0

Number of shares in issue and shares outstanding in the market

	Year-end 2023	Year-end 2022	Year-end 2021
Authorised share capital (in shares)	**700,000,000**	700,000,000	700,000,000
Issued ordinary shares	**285,000,000**	295,000,000	317,878,210
Own ordinary shares held by NN Group	**11,138,500**	13,608,384	12,294,129
Outstanding ordinary shares	**273,861,500**	281,391,616	305,584,081

Please refer to the AFM register of substantial holdings and gross short positions for more details on the nature and characteristics of these interests.

Ratings

Credit ratings

On 21 December 2023, Standard & Poor's upgraded NN Group's financial strength rating to 'A+' with stable outlook from 'A' with positive outlook and the credit rating to 'A-' with stable outlook from 'BBB+' with positive outlook.

On 22 November 2023, Fitch Ratings published a report affirming NN Group's 'AA-' financial strength rating and 'A+' credit rating with a stable outlook.

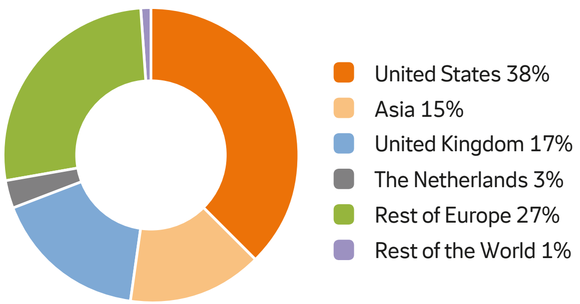
Sustainability ratings

We are rated on sustainability by specialist research agencies such as Sustainalytics, MSCI and CDP. We are also included in indices such as the Dow Jones Sustainability World Index and FTSE4Good. Read more on page 127.

We proactively inform the market of our approach and performance during one-on-one investor meetings, and by publishing and regularly updating an environmental, social and governance (ESG) presentation, which can be found on our website.

Shareholder by country/region

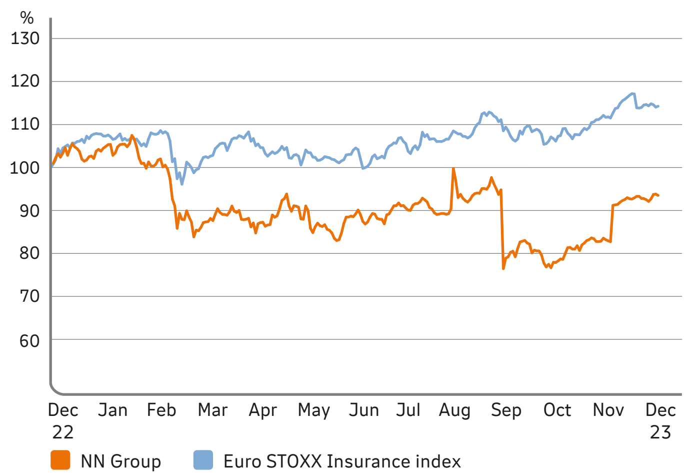
Q4INC shareholder analysis at October 2023 (%)



The additional percentage point is due to rounding.

Listing

NN Group ordinary shares are listed and traded on Euronext Amsterdam under the symbol NN.



Creating a positive impact on society

We do business with the future in mind and want to contribute to a world where people can thrive for generations to come. We do this by investing our assets responsibly, taking sustainability matters into account for our underwriting activities, being a fair taxpayer, managing our direct environmental footprint, and through our activities in the communities where we live and work.

We strive to contribute to the well-being of people and the planet, and we aim to create sustainable long-term value. Sustainability matters are part of our strategy, our strategic commitments and our interactions with stakeholders. They are defined as opportunities, risks and adverse impacts related to environmental, social and governance (ESG) factors and are identified using the double materiality concept: our impact on the environment and society, and how the matters impact our company. Read more about double materiality on pages 11–15.

We apply sustainability matters in our roles as an investor, insurer, pension provider, bank, employer, business partner and corporate citizen. Our key impact themes of Healthy Living, Sustainable Planet and Inclusive Economy address important sustainability matters, for example, in the areas of climate change and human rights.

In 2023, we made progress in the areas of responsible investing, responsible insurance underwriting, sustainable sourcing, our road to net-zero, biodiversity, human rights, community investment and responsible tax approach.

Responsible investment

Responsible investment (RI) is an important element of both NN Group's strategy and our commitment to contribute to the well-being of people and planet. A key part of our approach to RI is that, where feasible, we aim to mitigate the negative impacts of our investments on sustainability factors. Focusing on ESG integration helps us to better align our core business with the broader expectations of society.

In 2023, we focused on further developing our active ownership programme. We published our first Active Ownership Report, providing an overview of our policies and activities related to active ownership of proprietary assets. We also joined several collective investor initiatives, such as the Ceres Valuing Water Initiative and Platform Living Wages Financials, to extend our engagement efforts.

As part of our commitment to protecting and restoring biodiversity and ecosystems through our investment activities, we conducted a biodiversity impact assessment for NN's proprietary assets. Additionally, we launched a sustainable infrastructure debt fund in cooperation with Rivage Investment (read more on page 47) and developed a green, social and sustainability bonds standard, as well as impact reporting for our investments in climate solutions. Read more on page 48.

RI Framework policy

NN Group recognises the critical role ESG factors play in determining asset value and long-term performance. Our RI Framework policy therefore requires NN and our external asset managers to systematically integrate material ESG factors into investment decision-making and active ownership practices.

Our RI Framework policy applies to both proprietary and, where possible and feasible, client assets. Proprietary assets are those held for our own account, such as the general account investment portfolio of the insurance entities, the assets of NN Bank and the holding assets of NN Group. Client assets are those where policyholders bear the investment risk, including separate account assets, which primarily consist of unit-linked portfolios and certain group pension business of the insurance entities in the Netherlands. The policy also encompasses assets not included on the balance sheet, such as our insurance and bank operations, which offer customer propositions such as defined contribution pensions and (retail) investment products.

NN Group has an internal guideline on applying the RI Framework policy to third-party managers and funds. This applies to both proprietary and client assets, and supports investment departments throughout NN in the application and implementation of the requirements related to the due diligence, selection, monitoring and review of external asset managers and funds. In 2023, NN Group's RI team organised sessions with business unit representatives on implementing the guideline and on consistent application of the RI Framework policy across the organisation. The team also provides guidance on Sustainable Finance Disclosure Regulation (SFDR) implementation.

Governance and teams

Decision-making on RI-related topics is integrated into NN's existing governance and committee structure. The NN Group Management Board is responsible for approving the RI Framework policy and any (material) changes to it. The NN Group Management Board also periodically discusses progress on NN Group RI objectives and activities. The RI Committee oversees the NN Group RI Framework policy, and related standards and guidelines, and

Investing in a just transition

As the world transitions to a greener and more sustainable future, it is important to ensure the transition is also just. A just transition involves maximising the social and economic benefits of climate and environmental action, while being careful to leave no one behind, by managing challenges such as job quality, re-skilling, and continuous engagement with workers and communities, including indigenous peoples.

For NN Group, this means careful consideration of both the environmental and social impacts of our investments. For instance, we invest in renewable energy infrastructure projects in emerging markets, which is critical to reducing GHGs. But we also need to scrutinise these investments for potential negative impacts on workers or local communities.

Despite these challenges, we look for investment opportunities across various asset classes that align with the principles of a just transition. Such investments could include green bonds tracking social impacts or renewable energy projects that increase access to affordable energy. For example, in 2023, we explored the potential investing in sustainable forestry projects, which can contribute to a just transition provided they generate quality jobs for local communities. We already invest in programmes that reduce energy usage and carbon emissions, while taking into account social impact. Our Positive Impact Programmatic Venture offers affordable rental housing to households who do not meet the criteria for social housing, while also aligning with the environmental goals of the EU taxonomy.

Moving forward, we will look to further integrate just transition into our investment criteria, with a particular focus on measuring the impact of our investments on the ground.

advises the Management Board on material policy updates. It also oversees the process of aligning the proprietary investment portfolio to NN's strategic climate and sustainability targets, defining related action plans and monitoring progress. The RI Committee is chaired by the Group Chief Investment Officer, who reports to the CEO. Other members include the CPCSO, the CRO, and representatives from the RI team and Investment Risk Management.

The CRO and CIO closely oversee and monitor the asset manager agreements with our largest external asset manager, Goldman Sachs Asset Management (GSAM), who manage most of our General Account portfolio. In addition, we have a Sustainability Steering Committee that regularly brings together senior leadership from NN and GSAM to discuss progress and challenges around implementing our RI initiatives and policies, and ensuring alignment with our sustainability objectives. This includes the objectives in our extensive ESG Service-Level Agreement, which covers ESG integration criteria, active ownership, restrictions, and other expectations and requirements related to responsible investing. We periodically conduct a review to monitor implementation of ESG criteria in the investment process.

ESG integration guidance

NN has a comprehensive approach to systematically integrating ESG factors into our investment decisions across asset classes. This includes developing investment guidance papers that identify risks and opportunities in investments, and offer guidance to asset managers on ESG integration. These papers are a key component of our policy framework. They explain to external stakeholders the ESG integration requirements in our policy framework and our stance on various topics related to responsible investing.

Our RI team organises periodic alignment sessions with our GSAM and ESG teams. During these sessions, we discuss developments in RI, stakeholder expectations, regulatory changes and stewardship activities, and align our respective expectations around ESG factors in investment decision-making and evaluation processes.

Our investment guidance papers align with the UN Global Compact principles and cover environmental topics, human rights and labour rights. The paper on labour rights was published in 2023.

Using stewardship to influence behaviour

Engagement is key to active ownership. With both equity and fixed income holdings, we aim to raise awareness of sustainability issues, and encourage issuers to improve their policies and practices. How we engage with companies depends on the specific company and our investment exposure. As an asset owner, NN delegates various engagement activities to an external research provider and asset manager. This means we can pool our assets with other clients, maximising our engagement impact. Our RI team also executes several engagements itself either individually or through collaborative engagement initiatives. In 2023, we developed our active ownership programme and published our first Active Ownership Report. Within the programme, we distinguish between two types of engagement, controversy and thematic, and have taken various steps to formulate those engagements. For example, in 2023, NN developed a Controversy and Engagement Council to oversee and monitor controversy engagements. With thematic engagements, we focus on particular themes: climate change and net-zero, biodiversity and natural capital, water, human rights and strong governance. We have partly outsourced our engagements to Sustainalytics Morningstar, and joined several collective investor initiatives, such as the Ceres Valuing Water Initiative and PLWF. Read more in the case studies Platform

Climate change & net-zero engagement

In 2023, our asset manager participated in a Climate Action 100+ (CA 100+) engagement with a Czech utility company to discuss the company's climate transition plan. This was a follow-up to earlier engagements. The company has increased its disclosures on climate-related risks and published a detailed stand-alone Task Force on Climate-related Financial Disclosures (TCFD) report in February 2023, as well as a new intensity-reduction waterfall chart linked to its strategic initiatives.

Investors have encouraged the company over time to disclose more around its capex plans and how these link to its stated emissions-reduction targets. While the company has demonstrated progress in its climate objectives, it now needs to take further steps on its targets and decarbonisation strategy. As a 'high-impact' company, it also needs capital allocation to support its transition to a low-carbon economy and we are seeking enhanced disclosures on this matter. As a fixed income investor, we will strive to continue to engage with the company and monitor progress, discussing further steps with our asset manager.

Dialogues on sustainability factors (%)

Living Wage Financials and Climate change & net-zero engagement on this page. In total, we had 259 sustainability dialogues with issuers in 2023.

The right to vote at company shareholder meetings is fundamental to a well-functioning corporate governance system. NN finds it important to exercise this right, wherever possible, for its proprietary equity investments. NN's listed equity portfolio primarily consists of 5%+ stakes in European small- to medium-sized enterprises (SMEs), with a maximum 50 companies in the portfolio. The external asset management team responsible for managing the proprietary equity portfolio implements an active investment strategy, which includes regular engagement with companies on a variety of topics, including sustainability.

To assure proper implementation of NN's voting policy, NN has delegated management of its proprietary equity portfolio to GSAM, which also exercises our voting rights. GSAM uses an external service provider to support the process of proxy voting, with all voting decisions made on a case-by-case basis in accordance with NN Group's Voting Policy. NN Group retains the right to provide voting instructions for individual shareholder meetings and ballot items.

In 2023, we voted at 46 annual general meetings (AGMs) on 594 agenda items, focusing on three main issues: board elections, alignment of executive remuneration with company strategy, and integration of sustainability within company strategy. Read more in the case study Supporting shareholder resolutions on page 47.

Investing sustainably

NN wants to play its role in addressing global sustainability challenges such as climate change, social issues and resource scarcity. We seek investment opportunities that offer solutions to these challenges while also meeting our investment criteria, such as the investments we have made in climate solutions and social bonds. We have a clear ambition to support the global transition towards net-zero greenhouse gas (GHG) emissions by 2050, in line with efforts to limit global warming to 1.5°C. As part of this ambition, we set a target in 2021 to increase our investments in climate solutions by an additional EUR 6 billion by 2030, taking the total investments in climate solutions to around EUR 11 billion.

Platform Living Wage Financials

NN Group joined PLWF in 2023, and we are involved in PLWF's Food & Agri Working Group, which tackles issues such as child labour, lack of education, and deforestation in the food & agriculture sector caused by lack of living wages. Products such as coffee and cocoa are often priced at a global market rate, making it difficult to ensure even minimum wages for farmers. Implementing a living wage improves workers' standards of living, reduces child labour, and promotes social and economic resilience in supply chains.

NN Group is participating in engagements with food companies and is lead engager with Nestlé, which has made substantial efforts to measure and close living wage gaps across cocoa and coffee commodities. NN Group will monitor Nestlé's implementation of its Living Wage and Living Income Action Plans, additional quantitative data on wage/income gaps, and enhancements to purchasing practices. For more, see the PLWF 2023 Annual Report.

Supporting shareholder resolutions

During the AGM of French utility company Engie, several shareholders proposed a 'Say on Climate' shareholder resolution, which NN Group supported. While Engie already has GHG emissions reduction targets and has made progress in reducing its GHG emissions and coal-fired generation capacity, it was unclear how its emissions targets compared to Paris-aligned scenarios, how its electricity generation mix would develop, or how the company would align its capital expenditures with its climate targets.

In the lead-up to the AGM, Engie committed to including an addendum to its climate report, disclosing the breakdown of its electricity generation mix up to 2030, and consulting shareholders on its climate strategy every three years through a 'Say on Climate' vote.

Although the company did not commit to an annual vote, NN Group believes the shareholder resolution will lead to more disclosure and better stakeholder dialogue. While the resolution did not pass, receiving only 24% of shareholder support not the required 66%, it sends a strong signal to the company. NN Group will continue to engage with Engie on its climate ambitions.

Since then, we have invested more than EUR 5 billion in climate solutions, making total holdings in climate solutions EUR 10.8 billion. While investments in climate solutions increased in most asset classes, the biggest increase came from our investments in renewable energy and green bonds. Investments in green bonds have grown the most in absolute volume, despite a challenging market over the past year, underlining our ambition to deliver on our climate solutions target. For an overview of our climate solutions investments, see page 128.

In 2023, NN launched a new investment initiative on climate solutions, in collaboration with an external asset manager, with a total commitment of EUR 300 million. Read more in the case study Launch of sustainable infrastructure debt fund on this page.

Responsible insurance underwriting

Stakeholders expect NN and its businesses to integrate ESG factors in our underwriting process and incorporate this into products and services for customers. This includes, but is not limited to, climate change, financial inclusion, and health and well-being. Sustainability needs to be further embedded in our activities as insurer.

For our underwriting process, we take a precautionary approach but also take the perspective from impact and opportunities to evolve our product offering to meet the expectations on providing our expertise and services to the changing environment in which our customers are active.

Governance and teams

To further strengthen and align NN's strategic commitments for society in its insurance activities, in 2023, NN set up the NN Responsible Insurance Underwriting (RIU) Committee to strategically define and subsequently oversee and steer the ambition for responsible underwriting activities reflecting NN's strategy and ambition. The NN RIU Committee aims to ensure an effective definition and consistent implementation of responsible insurance underwriting throughout NN's business lines. Chaired by a bi-annually rotating member of one of the business lines and sponsored by the NN Group Management Board, the committee consists of senior management representing insurance business lines, senior representatives of relevant staff departments and sustainability representatives.
The committee will strategically discuss sustainability matters for NN's insurance underwriting activities such as guidelines

Launch of sustainable infrastructure debt fund

NN Group and Rivage Investment have jointly launched the Rivage Private Debt – Fund for Infrastructure Climate Solutions. This seeks to finance infrastructure assets in Europe that provide solutions to the challenges raised by climate change. The fund focuses on projects in the wind, solar, hydro, public transport, EV charging, batteries and energy management sectors. Thus contributing to the green infrastructure financing necessary to achieve global climate goals and catalyse the transition to a resilient low-carbon economy.

Both NN Group and Rivage are committed to accelerating the transition to a low-carbon economy, and the Infrastructure Climate Solutions Fund is designed to combine different types of debt financing for sustainable infrastructure assets in Europe.

The fund is classified as 'Article 9' under the new EU Sustainable Finance Disclosure Regulation, indicating the highest sustainable classification in Europe, and is aligned with the requirements of the Paris Agreement and EU Taxonomy. NN Group is committing EUR 300 million to the fund. Rivage will also invest in the fund, and manage it, applying its extensive experience in providing tailored debt financing to renewable energy and low-carbon emission infrastructure projects across Europe. Over the past decade, Rivage has invested some EUR 1.5 billion in solar farms and wind plants in eight European countries.

and standards, criteria for products and clients. The RIU Committee will approve NN Group's Insurance Underwriting policy and review it on a yearly basis. The mandate and scope of the committee regards all business units (excluding NN Bank), entities and insurance underwriting activities of NN Group. The RIU Committee will oversee next steps in further embedding sustainability in our insurance activities.

Sustainable sourcing

NN is committed to making sustainable procurement decisions and we encourage our suppliers to do the same. Our decisions aim to meet our organisation's need for products and services, and, through those products and services, to make a positive contribution to society and minimise our environmental impact, while addressing socio-economic issues. Read more in our Sustainable Procurement Statement, published on the NN Group website.

In 2023, the main focus was on capability build-up and creating awareness within the (international) procurement and contract management community. Also, we focused on defining specific 'supplier asks' related to climate change and human rights topics. Our suppliers are requested to register on an FSQS-NL (Financial Services Qualification System-Netherlands) supplier qualification platform, where they provide detailed information on the policies and processes they have in place to minimise environmental impact, among other things. FSQS-NL is a third-party risk management and compliance platform for the financial services sector to collaborate and agree on a single standard for managing the increasing complexity of third- and fourth-party (our suppliers' suppliers) information needed to demonstrate compliance to regulators,

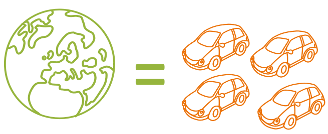
Measuring the positive impact of climate solutions

By investing in climate solutions, NN aims to contribute to climate change mitigation and adaptation. Alongside reporting how much we invest in climate solutions, we have developed a framework to better understand the positive impact that investees we invest in through investments in climate solutions have on the environment.

As an indicator of positive impact, we report on the estimated avoided GHG emissions for each investment category in our climate solutions portfolio. We stress that this calculation is in no way used as an offset in the carbon footprint calculation of our investments. Nor does it take into account any negative impact our climate solutions investments may have on society or the environment. But it is our intention to further analyse these areas over the coming years.

Estimated avoided emissions are hypothetical emissions that we presume were avoided due to investments in climate solutions. Its definition differs for different investment categories of climate solutions (as defined on page 366). Emissions avoided were calculated according to an internally developed methodology based on commonly used industry guidelines available at the publication of this report.

Our climate solutions portfolio is estimated to



770 ktCO_2e

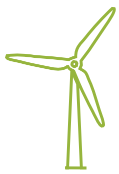
avoided during 2022

=

389,690

equivalent car GHG emissions per year

Our renewable energy investments



834 GWh

Estimated energy produced by our renewable energy investments over 2022

Since sustainability and impact data are reported with a significant time lag, we estimated the amount of avoided emissions over 2022. The scope for the analysis was our climate solutions portfolio at the end of 2022 and we managed to estimate avoided emissions for 55% of it. The reasons for a relatively low coverage range from investees not yet measuring relevant data to low quality of reported data. Attributed to our share of investment, investees in our climate solutions portfolio are estimated to have avoided 770 ktCO_2e during 2022. This is equivalent to the estimated GHG emissions produced by 389,690 cars registered across the EU in 2022 that have driven on average 50km per day over one year*.

Attributed to our share of investment, investees we invest in renewable energy sector specifically, are estimated to have produced 834 GWh of electricity over 2022. Without attributing to our share of investments, our investees in renewable energy in the EU are estimated to account for 10.1 GW of renewable energy capacity, equivalent to almost 1% of the EU's 1236 GW RePowerEU plan for renewable energy generation capacity by 2030.

For more on the numbers per asset class, and the calculation methodology, see page 129. A detailed methodology paper can be found on the NN Group website.

*Source: https://www.eea.europa.eu/

policies and governance controls. By the end of 2023, more than 420 of our top suppliers (spend threshold EUR 100,000) had completed the questionnaire and uploaded supporting documentation. These 420 suppliers represent a total spend of EUR 593 million, which accounts for 75.2% of the total spend in scope. NN also has a process and governance in place for screening the integrity of the supplier, both at onboarding and ongoing during the contract life cycle. We have included our most important standards regarding environmental and human rights issues in NN's Terms & Conditions and model contract repository. In addition, the NN Supplier Code of Conduct (SCC) outlines our expectations regarding the policies and practices of our suppliers, in terms of the environment, human rights, diversity and inclusion, and integrity and ethics. All suppliers above a spend threshold of EUR 100,000 are asked to commit to our SCC. Our contract managers and procurement staff have access to the FSQS-NL platform, review the information annually, and discuss steps for improvement with suppliers where necessary. A programme has been started to onboard the suppliers which have not yet registered.

Our approach to net-zero

NN Group is committed to becoming a net-zero company by 2050. We are concerned about the effects of climate change on society and therefore apply science-based principles to secure a low-carbon future that meets the needs of generations to come. Our approach on our most material sustainability matters:

- Help accelerate the transition to a low-carbon economy to limit the rise in average global temperature to 1.5°C (by using a range of levers, such as engagement, capital allocation to climate solutions, and phase out and/or exclusion policies)
- Develop and offer products and services that address the environmental challenges our customers face (e.g. by contributing to a low-carbon economy or helping insure our customers against climate-related impact)
- Effectively manage our direct environmental footprint by reducing our use of natural resources, seeking green alternatives and offsetting the remainder of our GHG emissions

We have developed several strategies to decarbonise our assets, liabilities and own operations. To better align these strategies with our activities and structure, we have organised them under the following areas:

- Insurance general account investments (Government bonds, Residential mortgages, Corporate investment and Real estate)
- Banking
- Insurance underwriting
- Own operations

For more on our initial steps and action plans to reduce GHG emissions, see the Climate Action Plan 2023 Update on the NN website.

Government bonds

NN Group's Paris Alignment strategy aims to decarbonise our sovereign portfolio by selecting bonds with better climate performance and investing in climate solutions, such as sovereign green bonds. We use the NN Country Climate Score methodology to evaluate and compare the climate performance of our sovereign holdings. The Climate Change Performance Index (CCPI) ratings from Germanwatch are a key part of this scoring methodology. Our goal is to maintain or improve our portfolio-weighted NN Country Climate Score. However, setting intermediate reference targets on GHG emissions within the sovereign bond portfolio is challenging, as the methodology for measuring them is still in development and there is currently limited room to change the portfolio composition.

In 2023, we aligned our carbon calculations for government bonds with the latest recommendations from PCAF. We are also working with GSAM on an improved methodology for the NN Country Climate Score and plan to launch this in 2024. This will enable us to better evaluate the climate performance of our sovereign holdings and support our efforts to decarbonise our portfolio.

NN seeks to leverage its influence as an investor to promote alignment with the goals of the Paris Agreement. In 2023, GSAM engaged with several sovereign issuers globally, while the green bond team of GSAM had regular discussions with government-related issuers on national and regional climate performance, and green bond alignment with the EU taxonomy.

Residential mortgages

Residential mortgages make up a significant portion of NN's insurance general account investment portfolio, including those originated by the company's own banking operations and external mortgage originators. We are working to integrate net-zero considerations into our investment process for the mortgage portfolio. This will include monitoring ESG factors to get greater data insight into these factors for both the NN Bank and the externally originated mortgage book.

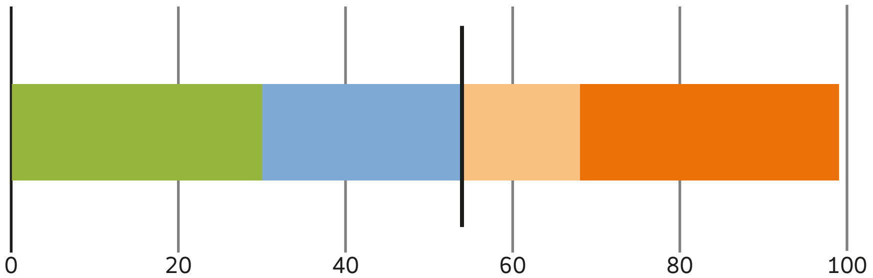
In 2023, NN Bank and NN set a reference target for reducing GHG emissions for the aggregate portfolio of mortgages on the NN balance sheet. To achieve the target, we are taking steps to encourage borrowers to improve the energy label of their houses, reduce GHG emissions, and ensure access to finance, with a focus on contributing to a low-carbon economy and inclusive society. For external mortgages, NN Group engages with originators to monitor whether their ambitions and progress align with our own, while also taking steps to improve data and transparency to gain a better insight into the portfolio's climate impact.

Corporate investments (listed equities and corporate bonds)

The corporate investments portfolio includes listed equities and corporate fixed income (i.e. corporate bonds and loans). Setting objectives and targets is crucial for monitoring the effectiveness of a net-zero investment strategy. To this end, we established a top-down reference target for GHG emissions in our corporate investments portfolio, using various approaches and methods to do so, including the Institutional Investors

Corporate investments portfolio

Portfolio coverage target (y/e 2023) based on assets



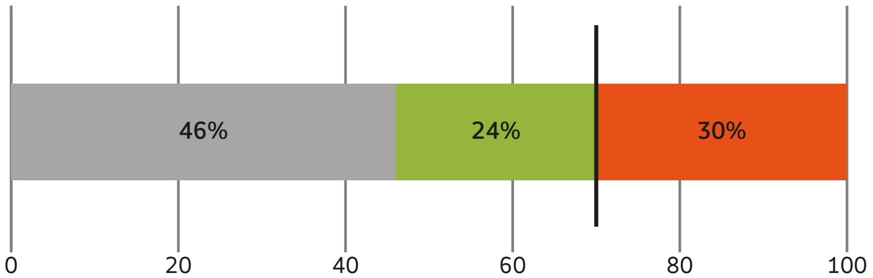
- Achieving net-zero
- Aligned
- Aligning
- Committed to aligning
- Not aligned or insufficient data

Proportion of assets meeting at least 'aligning' criteria

End of 2023: 54% (2021: 29%)

Note: At present, we have not identified companies in our portfolio that are 'achieving net-zero'

Engagement threshold (y/e 2023) based on financed emissions



- Engaged
- Aligned
- Rest

Proportion of financed emissions in sectors that either already meet net-zero 'aligned' criteria or that will be subject to direct or collective engagement actions
End of 2023: 70% (2021: 66%)

Group on Climate Change (IIGCC)-recommended carbon budget approach. Our strategy for portfolio alignment focuses on achieving real-economy decarbonisation. Together with our external asset manager, we developed a methodology to categorise portfolio companies by their alignment, or potential to align, with a net-zero pathway. Read more in the case study 'Paris alignment categorisation for corporate investments' on page 53.

For new investments, we use a best-in-class policy to focus investments on companies further down the road towards a low-carbon future. For existing assets, we focus on stewardship and engagement to drive alignment, as we believe this approach has the best chance of realising real-world impact. We have set interim reduction targets for corporate investments: GHG emissions 25% lower in 2025 and 45% lower in 2030, compared to the portfolio's calculated emissions in 2021 (based on the emissions of underlying companies in 2019).

We apply investment restrictions to companies that engage in harmful activities for nature or the environment, such as oil sands production and thermal coal mining. For NN's proprietary investments, we also restrict companies directly involved in oil sands extraction or offshore oil & gas exploration and production in the Arctic region, and with more than 5% turnover in these activities. Additionally, we restrict investments in shale oil & gas extraction companies who have more than 30% of their revenues derived from these activities. For new investments in companies that derive between 5% and 30% of their revenues from shale energy, we require a credible transition plan before making any investment. This plan will be assessed against the new framework we have introduced for conventional oil & gas activities. Read more in the case study on page 25.

Since 2019, NN Group has had a coal phase-out policy for our proprietary investments in the mining and utility sectors. Our objective is to reduce our portfolio companies' involvement in thermal coal mining and/or coal-fired power generation to 'close to zero' (between 0% and 5%) by 2030. As of year-end 2023, our portfolio of assets subject to this policy was EUR 524 million (EUR 1.8 billion at policy launch in 2019).

The gradual decline of our portfolio over the years can be attributed to companies in our portfolio reducing their coal involvement, bond maturities, and selective divestments from certain holdings. We will continue to monitor our holdings and engage where feasible to achieve our objectives.

Progress net-zero strategy

The absolute financed emissions of NN Group's corporate investment portfolio decreased from 3,725 kilotonnes CO_2e in 2022 to 3,026 kilotonnes CO_2e in the current reporting period. Additionally, the carbon intensity of the corporate investment portfolio decreased by 15% to 112 tonnes CO_2e per EUR million invested. Compared to our target setting baseline year of 125 tonnes CO_2e per EUR million invested in 2021, the reduction was 10%.
The decrease in emissions compared to the previous year is a result of various factors, including changes in portfolio holdings stemming from strategic decisions outlined in our Climate Action Plan, such as our coal phase-out strategy and oil & gas policy, as well as other portfolio management decisions. Additionally, changes in the emission intensities of existing portfolio

companies played a role, although to a lesser extent. Read more on the carbon footprint of corporate investments on pages 135–136.

To ensure the effectiveness of our strategy, we established portfolio alignment objectives using the Paris Alignment Categorisation for Corporate Investments methodology. As of year-end 2023, 54% of our portfolio assets met the 'aligning' criteria, exceeding our 2025 target of 45%. Although this percentage decreased from 62% in 2022, we see an improvement in the mix of aligned versus aligning investments, which is encouraging. We will maintain our 2025 target, as we anticipate a strengthening of our data sources in the coming years due to organisations such as SBTi, Climate Action 100+ Net-Zero Company Benchmark and TPI refining their net-zero expectations for companies. We believe that this will lead to an improvement in the quality of data and analysis.

Compared to the previous year, the engagement threshold has risen. Currently, 70% of companies fall under the 'aligned' category or are subject to direct or collective engagement based on their financed emissions. Our objective is to increase this percentage to 75% by 2025, with a primary focus on the top 25 holdings in terms of financed emissions. For investee companies that are not aligning with a net-zero pathway and are not covered by current individual or collective engagement, we will explore establishing an engagement plan to maximise our impact and work towards achieving our net-zero goals.

Real estate

NN invests in real estate across Europe through direct ownership and non-listed real estate funds. To achieve net-zero GHG emissions for our real estate portfolio, we have set specific commitments and targets for both our directly managed and indirect portfolios, using guidance from external organisations such as the Net-Zero Investment Framework.

For directly managed assets, our goal is for all buildings to be on a 1.5°C pathway by 2030, with net-zero operational GHG emissions by 2040. Carbon Risk Real Estate Monitor (CRREM) is used to analyse each building's pathways and set improvement plans. For the non-listed indirect real estate portfolio, our target is to have most funds (>75% based on GAV) committed to achieving net-zero GHG emissions by 2040 or sooner, with the remainder committed to 2050 or sooner. Further work will be done to set a quantified target for GHG emission reductions for the real estate portfolio in 2024.

NN evaluates its real estate portfolio's potential exposure to physical climate risks and sets clear objectives for addressing these risks. In addition, we use GRESB to assess and benchmark our real estate portfolio's sustainability performance and identify areas for improvement. Read more on our sustainability efforts in this sector in the case study NN Group's strong real estate performance in GRESB on this page.

Banking

NN Bank, a subsidiary of NN Group, serves nearly one million customers with mortgages, savings, insurance and investment products. As the fifth largest mortgage provider in the Netherlands, residential mortgages are a significant part of NN Bank and NN Group's assets, making it a key focus area within our sustainability strategy.

NN Bank uses CRREM to model decarbonisation pathways for residential mortgages in the Netherlands and steer our mortgage portfolio towards net-zero by 2050. We aim to reduce our emission intensity to 18.0 $kgCO_2/m^2$ by 2030. This figure was 24.4 $kgCO_2/m^2$ in 2023, down 12% from our baseline year 2021. NN Bank recognises that achieving its 2030 target of reducing emission intensity to 18.0 $kgCO_2/m^2$, which aligns with the 2021 CRREM pathway for the Netherlands, will be ambitious and depends on external factors such as consumer behaviour and government policies to accelerate the availability of renewable energy. Furthermore, the updated CRREM pathway of January 2023 presents additional challenges to all parties in the value chain, and we are currently engaging with stakeholders and evaluating these challenges.

NN Bank has defined three areas for action: engaging with and encouraging customers to reduce GHG emissions,

NN Group's strong real estate performance in GRESB

NN Group's non-listed real estate portfolio has performed strongly on sustainability, utilising the Global Real Estate Sustainability Benchmark (GRESB) as its primary assessment and monitoring tool. All real estate and fund managers are required to report into the GRESB Real Estate Assessment, and a significant percentage of NN's portfolio of directly owned buildings, joint ventures and funds are included in the 2023 assessment.

The total NN portfolio, direct and indirect, received a value-weighted score of 90 on a scale of 1 to 100, exceeding the European non-listed real estate benchmark average of 81. See page 129 for more on our scores.

The direct portfolio received a 5-star rating, GRESB's highest, and was placed first in a peer group of Western European diversified portfolios. This was the result of successful efforts to reduce energy usage overall while increasing the proportion of renewable energy used, for example by installing solar panels and smart installations. NN's real estate manager, CBRE IM, also took steps to reduce GHG emissions and increase water data coverage across all asset classes.

Targets for NN Non-life underwriting portfolio

By supporting the transition to a low-carbon economy, NN can help to reduce the risks of climate change to society and the economy, while also contributing to a more sustainable future for all. The objective is to become net-zero in our underwriting portfolio by 2050 latest. In our approach, we aim to enable and influence change in the real economy while taking just transition factors into account.

To establish insurance underwriting reduction targets, it is important to adopt a mutually agreed method for quantifying relevant emissions. We therefore adopted Partnership for Carbon Accounting Financials (PCAF) methodology to measure insurance-related emissions and built our first set of intermediate reduction targets for 2030: (i) decarbonisation for our underwriting portfolio, (ii) engagement in the value chain and (iii) insuring the transition. Specifically, we have set an intermediate carbon reduction target of -26% by 2030 compared to 2022 figures for our Dutch Non-life commercial lines portfolio, in scope of the current PCAF methodology. We have not yet set an interim target for Personal Motor. A considerable proportion of NN's private motor portfolio is second-hand vehicles, so the potential for reducing GHG emissions will be delayed until electric vehicle introductions filter down to the second-hand market. Considering the just transition, the second-hand car segment is also essential for many Dutch households for whom mobility is crucial from a social inclusion perspective, but who cannot afford new (electric) cars.

We additionally aim to increase our efforts to engage with clients and intermediaries to initiate concrete steps that will drive the transition. We have implemented a dedicated insurance underwriting team focusing on new sustainability-related risks, for which we do not already offer an insurance solution. Insuring these new risks both helps our clients and enables the transition to a sustainable economy. We also improve our knowledge on new technologies and possibilities for products and services aiming for a net-zero economy.

developing new mortgage-specific propositions and services, and leveraging NN Bank's Green Bond Framework to finance mortgages for energy-efficient residential buildings in the Netherlands. We are also working with industry peers in the Energy-Efficient Mortgages Netherlands Hub and PCAF to develop harmonised standards and frameworks for energy-efficient mortgages and carbon footprint measurement.

Insurance underwriting

NN aims to reduce the risks of climate change to society and the economy while also contributing to a more sustainable future for all. The objective for our underwriting portfolio is to become net-zero by 2050 at the latest. Our approach is threefold:

1. Decarbonisation of our underwriting portfolio by reducing insurance-associated GHG emissions
2. Engagement in the value chain to accelerate action to reach net-zero in the real economy
3. Insuring climate solutions to play our part in enabling the transition to a net-zero economy

We see engagement and insuring climate solutions as essential approaches to reach GHG reductions in the real economy and subsequently decarbonisation in our underwriting portfolio. For more details on our efforts to transition to a low-carbon economy, refer to the Climate Action Plan 2023 Update on the NN website.

NN Non-life

In our approach to reach net-zero insurance underwriting by 2050, we are aiming to achieve net-zero, and enable and influence change in the real economy. Therefore we have set intermediate targets for 2030: (i) decarbonisation for our underwriting portfolio, (ii) engagement in the value chain and (iii) insuring the transition. Reducing insurance-associated emissions is an important step in realising a net-zero insurance underwriting portfolio by 2050. Read more about what we do to help customers address societal and environmental challenges on page 35. As an overall target, NN Group strengthened its coal policy for insurance underwriting which was first developed in 2019. NN Group does not provide insurance services to companies that

NN Non-life acceptance team

NN Group is committed to educating and informing our intermediaries and clients on reducing their carbon emissions and developing their transition plans. Netherlands Non-life has set up a dedicated insurance underwriting team, the climate acceptance team (klimaat-acceptatieteam), consisting of advisors and clients to work on new initiatives and to enable the possibility to provide insurance. This team assists in lowering the complex technical efforts needed and helps innovate at an early stage. The team focuses on sustainability-related risks and conducts annual research into net-zero climate risk technologies to improve our knowledge of new possibilities for products and services aiming for a net-zero economy.

Paris Alignment categorisation framework for corporate investments

For the corporate investment portfolio, NN Group developed a methodology that uses the six alignment criteria in the IIGCC Net-zero Investment Framework:

1. **Ambition**: a long-term goal consistent with achieving global net-zero by 2050 or sooner
2. **Targets**: short- and medium-term emissions reduction target (scope 1, 2 and material scope 3)
3. **Emissions performance**: current emissions intensity performance
4. **Disclosure**: disclosure of scope 1, 2 and material scope 3 emissions
5. **Decarbonisation strategy**: a quantified plan setting out the measures that will be deployed to deliver GHG emissions targets, proportions of revenues that are green and, where relevant, increases in green revenues
6. **Capital allocation alignment**: a clear demonstration that the capital expenditures of the company are consistent with achieving net-zero emissions by 2050

Using these six criteria, we categorise the companies in the portfolio according to their alignment or potential to align to a net-zero pathway, as follows:

- **Achieving net-zero**: companies that have current emissions intensity performance at, or close to, net-zero emissions, with an investment plan or business model expected to continue to achieve that goal over time
- **Aligned to a net-zero pathway**: high-impact companies – meeting criteria 1-6. Low-impact companies – meeting criteria 2-4
- **Aligning**: high-impact companies – meeting criteria 2, 4, and full or partial 5. Low-impact companies – meeting criteria 2 and 4, or 3 and 4
- **Committing to aligning**: meeting criteria 1 by setting a clear goal to achieve net-zero emissions by 2050
- **Not aligned**: no commitment to net-zero or data unavailable

Note: High-impact companies are defined as those companies on the Climate Action 100+ focus list or covered via the TPI company assessment.

NN Group has developed a data hierarchy to identify the current and forward-looking data sources that best fit each alignment criteria. However, such data can be limited. So NN's external asset manager also utilises research to enhance their understanding and assessment of a corporate's alignment status. We expect our methodology may change over time, as data quality, coverage and sources evolve. For more on the data hierarchy see our Climate Action Plan 2023 Update.

derive their revenues from thermal coal mining or unconventional oil and gas. Exempt from this policy for coal exclusion is our marine cargo business where this includes package and company insurance. This decision will not apply to the provision of products or services if they are intended for the benefit of employees, such as pension products and workers compensation.

NN Life & Pensions

We acknowledge we can also have impact with our life and pensions business. Within NN Life & Pensions, a specific ESG policy, in line with the NN Group Responsible Investment (RI) policy, is tuned to the product characteristics and client needs of the Defined Contribution pension products. Assets under Management in scope per year-end 2023 are EUR 32.7 billion. To raise awareness around climate change, we provide our customers with an overview of the sustainability impact of their invested premiums.

Own operations

As a financial service provider, NN Group's own operations have a relatively limited direct environmental impact, as we operate mainly in an office environment. Nevertheless, we aim to shrink our environmental footprint where we can by reducing our use of natural resources, seeking green alternatives, and offsetting the remainder of our GHG emissions. We are committed to achieving net-zero GHG emissions for our operations by 2040, with interim reduction targets for 2025 (35%) and 2030 (70%) across three scopes: scope 1 (natural gas and company cars), scope 2 (district heating and electricity) and scope 3 (business air travel).

Our targets for reducing scope 1 and 2 are more ambitious, as we have direct influence over them. We also aim to include other upstream scope 3 emissions, such as purchased goods and services, waste and employee commuting, by improving the calculation methodology and data gathering process.

To achieve our objectives, we have implemented energy-efficiency measures in our buildings, transitioned for new vehicles to an EV fleet in the Netherlands, and reduced our energy consumption. We also support sustainable travel by promoting public transportation and cycling, as well as having online meetings and replacing air travel with low-carbon transport. For 2023, we had an increase of 29% in the use of renewable electricity to 15 gWh which was mainly driven by a transition to renewable electricity sources and an increase in electricity usage in the Netherlands. We have realised a reduction of 42% compared

New guide bridges biodiversity and climate change integration

The FfB Foundation has released Unlocking the biodiversity-climate nexus, a guide to help financial institutions integrate biodiversity into their climate change strategies, using practical recommendations and sector examples.

The guide outlines the synergies and trade-offs between climate and biodiversity in investment solutions, covering areas such as alternative energy, regenerative agriculture, the circular economy and nature-based solutions. For example, it describes how, to effectively support biodiversity, it is crucial to finance high-impact sectors like agriculture and green infrastructure.

It also explains how conventional equity investments and direct lending alone may not be sufficient. Private debt and equity markets can, for example, support R&D investments in agriculture that finance the specialised telecom infrastructure required for precision agriculture, including a local IoT (Internet of Things) to control efficient irrigated agriculture, 5G for drones-based field surveillance, LEO satellites for remote areas agriculture planning, and SWAT water mapping and integrity indicator assessments. (Source: McKinsey and Company)

to 2019 for scope 1, scope 2: market-based (based on energy procurement contract) and scope 3: business air travel. With these reductions, we are progressing to reach our reduction target of at least 70% by 2030 to reach net-zero GHG emissions by 2040.

To inspire sustainable consumption, in the Netherlands we have adopted a 100% vegan food concept in our office event space and increased the offering of plant-based and vegetarian options in our office restaurants. Furthermore, we introduced the 'True Price of food', which reveals the (hidden) environmental, climate and social costs.

Despite obstacles, such as limited options to reduce emissions as a tenant and a lack of charging stations in most of our countries, we continue to reduce emissions where feasible and offset residual emissions from hard-to-abate sources through GHG offsetting programmes.

Our approach on biodiversity

NN Group is committed to protecting and restoring biodiversity and ecosystems through our financing activities and investments. As a signatory of the Finance for Biodiversity (FfB) Pledge, we have participated in several working groups of the FfB Foundation, including contributing to a paper on the interlinkages between biodiversity and climate change.
Read more in the case study on this page.

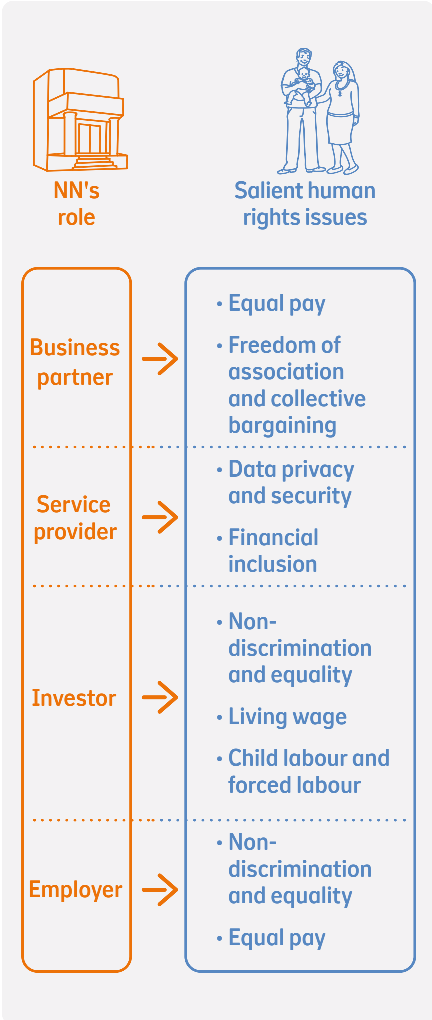
To promote best practices on biodiversity across the organisation, in 2023 NN Group established a cross-functional Biodiversity Working Group, with representatives from Sustainability, RI, Bank, Risk Management, Insurance Underwriting and other business units. In addition to overseeing internal alignment, the working group promotes knowledge exchange and raises awareness of biodiversity among NN's broader stakeholder group.

In 2023, NN assessed the impact of our Corporate Investment portfolio (as part of NN's proprietary assets) on nature using the ENCORE tool. This has helped us identify priority sectors and we have published the insights from this assessment in a Biodiversity White Paper. We also joined several engagement programmes, including Sustainalytics' Biodiversity & Natural Capital, Ceres' Valuing Water Finance Initiative, and Nature Action 100.

To set targets for biodiversity, we are collaborating with other institutional investors to develop an FfB-inspired target-setting framework that we expect to be finalised in 2024. We will continue to work on embedding biodiversity within our strategy and governance, increasing internal knowledge sharing, and developing the first set of targets for our corporate investment portfolio in 2024 in line with the Taskforce on Nature-related Financial Disclosures (TNFD).

Our approach to human rights

We have a responsibility to do business while respecting human rights, as outlined in our NN statement of Living our Values. We see respect for human rights as a minimum standard for responsible business and across our value chain.



Overview of our contributions to society (amounts in EUR)	2023	2022	2021
Cash contributions	16.0m	9.7m	
In-kind donations (monetised)	384k	166k	
Volunteer hours (monetised at EUR 50 p/h)	2.0m	1.5m	
Management costs	1.6m	1.4m	
Total contribution	**20.1m**	**12.8m**	**8,000**
% of operating results before tax[1]	**1.10%**	**0.70%**	**0.40%**
People supported with financial well-being	120,705	63,870	
People supported with physical and mental well-being	50,896	165,409	
Total number of people supported[2]	**171,601**	**229,279**	**21,525**
Cumulative progress on target of people supported[2] (2022-2025)	**400,880**	**229,279**	

1 Based on the average of 2020-2022 results.
2 Number of people supported in 2021 does not count towards the new target of supporting 1 million people (2022-2025).

Fighting poverty and debt in our communities

Only a quarter of the Dutch population is considered financially healthy, with nearly 1.1 million Dutch people living in poverty and 1.5 million households behind on debt payments*. Through the 'Stronger Together Against Poverty' programme, in 2023, we supported six alliances of local aid organisations in Amsterdam Zuid-Oost, Den Haag, Haarlemmermeer, Utrecht and Oldambt.
The organisations received funding and additional support through knowledge-sharing sessions and action research by Hogeschool van Amsterdam. The programme was founded by NN and Oranje Fonds in November 2022 and strengthens local strategic collaborations that provide debt relief and financial support services to people living in poverty and with problematic debt. The programme aims to help 9,100 people become financially resilient by 2025.

* Netherlands Bureau for Economic Policy Analysis.

The principles contained in the UN Guiding Principles for Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises guide us in implementing human rights in our business activities and interaction with stakeholders. Our detailed Human Rights Statement outlines our commitments and is published on our website.

In 2023, we continued to enhance our human rights approach by conducting a salience assessment, as well as a CSRD human rights due diligence assessment. Salient human rights issues are those human rights at risk of the most severe and likely actual or potential negative impact on people across the value chain. Examples of salient human rights issues are forced labour, and discrimination and harassment. It is important to note that salient human rights issues can vary from company to company. This assessment was a part of our compliance with the UNGPs and it helped us to identify where we have the greatest potential adverse impacts on people. We examined our roles as an employer, investor, financial services provider and business partner; see the chart on the opposite page. To ensure a comprehensive assessment, we consulted with internal and external stakeholders, including NGOs, peers, researchers and financial market supervisors.

Going forward, we aim to further embed human rights due diligence across our roles through policy development, monitoring and tracking adverse impacts, and working on access to remedy. We will continue our human rights efforts in line with the UNGPs as well as the OECD Guidelines for Multinational Enterprises, by advancing our knowledge of potential negative impacts, using leverage and through awareness in our interactions with stakeholders. Furthermore, we acknowledge the link between human rights and topics such as climate change and biodiversity. We are currently investigating how to integrate criteria on a just transition in our activities. Read more on page 45.

Respecting human rights in procurement

For many of our suppliers, we are a key client and we try to work together to drive socio-economic issues and inclusiveness through our supply chain. During the supplier qualification process, suppliers are asked to share details of their labour policy so we can be sure there are appropriate working conditions for their employees. We also mitigate human rights risks in our supply chain by asking suppliers to disclose measures taken to exclude modern slavery and human trafficking from their own business and in their supply chain.

Community Investment

Supporting our communities in their well-being

We contribute to the financial, physical and/or mental well-being of the people in the communities in which we operate, in particular those whose well-being is under pressure or at risk. Looking after one another, especially in difficult or changing times, is rooted in who we are as a business. We believe that with positive support, people can move from a situation with little perspective to one where they feel they matter and are able to thrive.

In 2023, we reached our target to contribute 1% of our operating result before tax to our communities, which was part of our strategic commitment to society. Going forward, we will keep investing in our communities and aim to support the financial, physical and/or mental well-being of one million people by 2025. We are committed to transparency and use the Business for Social Impact (B4SI) standards and framework to disclose our cash contributions, in-kind donations and volunteer hours (both monetised), management costs and output. For more on the specific activities within our programme, and further notes on the community investment indicators used, please read our NN Community Investment Overview 2023, published on the NN website.

A year of social impact

Supporting earthquake victims in Turkey

In 2023, large earthquakes struck south-eastern Turkey, northern Syria and Morocco, causing widespread damage. In response to the earthquakes' devastating impact, NN Group made donations of over EUR 460,000 in humanitarian aid to the Red Cross and the Turkish Foundation of Anatolian People and Peace Platform (AHBPAP). This included donations by colleagues that were matched by NN. At the end of 2023, NN Group set up a disaster relief fund with the Red Cross that enables a timely and effective response to disasters affecting NN markets. NN Group donated over EUR 1,950,000 to the fund, for a total of over EUR 2.4 million in humanitarian aid in 2023.

Financial well-being

Together with some of our longstanding charitable partners, and by extending strategic collaborations, we continued to support people in improving their financial well-being, especially in terms of economic opportunities and financial empowerment.

Cash contributions: EUR 9.4 million
Total volunteer hours (monetised): EUR 1.1 million
Total people supported: 120,705

Physical and mental well-being

In 2023, we continued to put greater focus on physical and mental well-being. In the Netherlands, in addition to providing access to health services and addressing loneliness, we worked on a new fund for mental well-being to support the mental resilience of the next generations.

Cash contributions: EUR 6.3 million
Total volunteer hours (monetised): EUR 695,050
Total people supported: 50,896

Volunteering via NN

NN employees have the opportunity to support our non-profit partners within working hours with hands-on volunteer and fundraising activities, and through more skills-based and strategic support to strengthen their organisational capacity. Volunteering mostly takes place within our strategic themes, with 4,619 hours outside these themes.

Total volunteer hours (monetised): EUR 2,022.35

In 2023, we organised our third Your Community Matters Week, aimed at deepening our involvement with our local charitable partners. We increased the number of volunteers by 23% and volunteer hours by 51% compared with 2022.

Colleagues participating: 3,215
NN markets: 10
Total volunteer hours (monetised): EUR 438,300
Charities supported: 35

Driving social innovation

The NN Social Innovation Fund, which is committed to supporting early-stage social enterprises focused on increasing financial, physical and/or mental well-being, has invested in Shaping Impact Group's SI3 Fund. The fund is dedicated to reducing inequality and contributing to a world where no one is left behind. They invest in improving equal opportunities for one million people close to home (in Western Europe and particularly Benelux), so they can participate meaningfully in society.

Other initiatives

Other contributions included ad-hoc donations and volunteer support to activities that are outside the scope of our core programmes but nevertheless important, such as climate-related activities.

Total cash contributions: EUR 0.8 million
Total volunteer hours (monetised): EUR 230,950

Going forward

In 2023, we developed a more refined impact framework to enhance our accountability and transparency and, more importantly, help us to increase the impact we have through our programmes. In 2024, we will implement this framework, launch new global programmes and continue to seek the balance between scale, breadth and depth-of-impact while supporting at least 300,000 people.

Responsible tax approach

NN Group strives to be a responsible taxpayer. In our Tax Policy and Principles of Conduct, we have laid down the principles of behaving responsibly, meaning timely paying our fair share of taxes in the countries in which we operate. We publish our Tax Policy and Principles of Conduct on our website. We make note that NN Group endorsed the VNO-NCW Tax Governance Code and that we comply with the principles as provided therein.

NN Group considers taxation a sustainability matter. We believe that being a responsible taxpayer is part of good corporate citizenship. We see taxes as a contribution to society in the countries in which we operate, both through our own tax payments and through collection and payment of third-party taxes. Further, we recognise that taxes are vital for sustainable development of people and planet, either as a source of income to finance the transformation or as an instrument to influence behaviour.

One of our principles is tax transparency. We are transparent about our approach to tax and our tax positions. Disclosures are made in accordance with reporting requirements and standards. Disclosures can also derive from the information needs of stakeholders or to support the dialogue on taxes with governments, business groups or civil society. To help our stakeholders understand the way that we contribute to society, we have published a Total Tax Contribution (TTC) Report since 2019. This report provides country-by-country information on the types of taxes that we pay and collect and pay on behalf of tax authorities. NN Group has been consistently recognised for its commitment to tax transparency, receiving the VBDO Tax Transparency Award among Dutch listed companies from 2019 to 2022 and ranked in second place among 51 Dutch listed companies and 65 EU listed companies in 2023. Our TTC Report 2023 is published on our website.

Contributing to the SDGs

We strongly believe the public and private sector should work together to help achieve the Sustainable Development Goals (SDGs). We have highlighted the SDGs where we can have the biggest impact through our products and services, investments and community programmes.
We have also sharpened our focus on reaching these goals through a multistakeholder approach, and believe we can have the biggest impact on three interrelated themes:

- Healthy living: NN Group's efforts to realise opportunities, manage risks and mitigate adverse impacts related to social factors, including rights, well-being and interests of people and communities, health, employee rights, workplace health & safety
- Sustainable planet: NN Group's efforts to realise opportunities, manage risks and mitigate adverse impacts related to environmental factors, including climate change, environmental degradation, biodiversity loss, animal welfare
- Inclusive economy: NN Group's efforts to realise opportunities, manage risks and mitigate adverse impacts related to social factors, including inclusiveness, diversity, (in)equality

The table provides an overview of how we are striving to contribute to the SDGs

Healthy living

	Ambitions and targets	Performance 2023	Material topic
SDG 3 Good health and well-being Ensure healthy lives and promote well-being for all at all ages	Contribute to the physical and mental health of our colleagues	Employees are accustomed to hybrid working and continue to be satisfied with the NN Way of Working policy, with a survey in early 2023 scoring it 8.5 (2022: 8.1). Compared to survey results before the Covid-19 pandemic, hybrid working has increased colleagues' job satisfaction and work-life balance	Working conditions
	For 2023, we aimed to contribute 1% of our operating result before tax to local communities. With these resources, we aim to support the financial, **physical and/or mental well-being** of one million people by 2025	Cash contributions: EUR 6,260,290 Volunteer hours monetised: EUR 695,050 People supported: 50,896	Community investments

Sustainable planet

	Ambitions and targets	Performance 2023	Material topic
SDG 7 Affordable and clean energy Ensure access to affordable, reliable, sustainable and modern energy for all	Increase our investments in climate solutions with an additional EUR 6 billion by 2030	We have invested > EUR 5 billion in climate solutions since 2021, making total holdings in climate solutions EUR 10.8 billion	Climate change mitigation

Sustainable planet continued

	Ambitions and targets	Performance 2023	Material topic
SDG 12 Sustainable consumption and production Ensure sustainable consumption and production patterns	Develop and offer products and services that address the environmental challenges our customers face (e.g. by developing new products and services that contribute to a low-carbon economy, or by helping to insure our customers against climate-related impact)	Introduction and scaling of products and services with environmental impact, such as a greener housing market, sustainable living and promotion of climate-neutral transport, repair networks	Circular economy for our products and services, Customer needs and satisfaction

SDG 13 Climate action Take urgent action to combat climate change and its impacts	Help accelerate the transition to a low-carbon economy to limit the rise in average global temperature to 1.5°C (e.g. by using a range of levers such as engagement, capital allocation to climate solutions, and phase-out and/or exclusion policies)	We have published a comprehensive oil and gas policy, and an active ownership report in which we describe our engagement efforts. We also developed an impact reporting framework for our investments in climate solutions	Climate change adaptation
	Reduce GHG emissions of our own business operations by at least 35% by 2025, and 70% by 2030 (compared to 2019)	Over 2023 we have reduced our GHG emissions of our own business operations by 42% compared to our 2019 emissions	Climate change mitigation

Inclusive economy

	Ambitions and targets	Performance 2023	Material topic
SDG 1 No poverty Improving access to sustainable livelihoods, entrepreneurial opportunities and productive resources	For 2023, we aimed to contribute 1% of our operating result before tax to local communities. With these resources, we aim to support the **financial**, physical and/or mental well-being of one million people by 2025	Total cash contributions: EUR 9,374,112 Total volunteer hours: EUR 1,096,350 Total people supported: 120,705	Community investments

Impact on society continued

Inclusive economy continued

	Ambitions and targets	Performance 2023	Material topic
SDG 5 Gender equality Achieve gender equality and empower all women and girls	Together increase diversity, inclusion and equality in our teams; engage everyone, and encourage them to be who they are, share their voices and drive change KPI 40% females by end 2023 on C-suite, Including scenario analysis how to reach 40% How do we interpret C-suite: Women in senior management positions measures the number of female employees expressed as a percentage of the Management Board, Management Board -1 management positions and the managerial direct reports to all business unit CEOs (Netherlands and International Insurance business units) Yearly equal pay analysis	Talent & Succession focused on gender: 2x a year a Talent Review on Management Board level & 1x a year Succession Planning session for Management Board -1 positions in Management Board with strong emphasis on gender equity Career Centre initiated HR Accelerator Project for group-wide offboarding process to gain better insights why talents are leaving Further improvements to ensure gender neutral job descriptions and texts on website Extended transition and parental leave for LGBTQIA+ colleagues Executive search companies contract clause to have 50% females on shortlists for senior management positions	Diversity & inclusion
SDG 8 Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employee engagement ≥ 8.0 by 2025 For 2023, we aim to contribute 1% of our operating result before tax to local communities. With these resources, we aim to support the financial, physical and/or mental well-being of one million people by 2025	Employee engagement 7.8 The output reported under SDG 1 also relates to SDG 8. For more details on the exact output, please refer to the Community Investment Overview 2023, available on our website	Human Capital Development and attraction Community investments
		Investments in EU SURE social bonds, protecting employees and the self-employed against the risk of unemployment and loss of income linked to the negative economic impacts of the Covid-19 pandemic	Working conditions

Our Code of Conduct and other policies

Code of Conduct

Founded on our company values and developed in 2019, the NN Code of Conduct and Managers Annex offers clear guidance in a single comprehensible document. The document aims to educate employees on appropriate and expected behaviour and actions. It is directly linked with the NN Statement of Living our Values, and other relevant underlying policies and standards on how we: interact with colleagues and customers; deal with information and (personal) data; deal with conflicts of interest, fraud, bribery and corruption, financial economic crime; use equipment and the internet; and report and deal with breaches.

Every year we review and update the Code of Conduct and Manager Annex, and the underlying policies and standards. All internal employees must annually acknowledge that they understand the content of the NN Code of Conduct, and can and will apply the underlying policies and standards. NN Managers must annually acknowledge the Manager Annex. Formal acknowledgement has been mandatory for several years and in 2023 we achieved an acknowledgement score of 100% (excluding staff on long-term or sick leave). External employees and/or contingent workers receive the Code of Conduct as part of their contract.

Awareness and e-learning

We raise awareness among employees around group-wide people and conduct-related topics through e-learnings. To support the initial implementation of the NN Code of Conduct in 2019, we launched an internal website, Conduct Matters, in all local NN languages, alongside several mandatory e-learnings to raise risk awareness around confidential/price-sensitive information (Confidential Matters), market abuse/ insider trading (Trading Matters – all NN insiders), bribery and corruption/ conflicts of interest (Conflicting Matters – all local languages), Whistleblowing Procedure (Speaking up matters – all local languages), and use of data and confidential information (Data Matters – all local languages).

In 2023, we launched an e-learning on financial economic crime (FEC) for all NN employees in all local languages. We also launched additional e-learnings on FEC and sanctions specific for certain target groups. In addition, we launched the e-learning The Code, the Basics, to improve knowledge of the NN Code of Conduct and raise awareness on recognising and knowing how to act in integrity-sensitive situations. The above mentioned e-learnings were rolled out within the Netherlands in 2023, and will be rolled out in the beginning of 2024 to all international NN business units in all local languages.

Digital Compliance Dashboard

In 2023, we continued the development of the Digital Compliance Dashboard, used in all NN business units as a step towards a more data-driven compliance function within NN. The dashboard uses various data sources to create a detailed overview of available information in order to facilitate effective and efficient compliance monitoring of various risk areas such as conflict of interest, bribery and corruption, financial economic crime and product suitability. In addition, we integrated relevant compliance risk metrics into the Group Risk Dashboard.

In 2023, we developed the Integrity Dashboard that was rolled out across NN's footprint. It provides detailed information for (first line) management to raise awareness in teams on compliance topics and monitor the awareness levels and related behaviour of their team members, such as a clear overview of outstanding tasks regarding mandatory e-learning and the mandatory Oath for all employees (in the Netherlands and Head Office) and other compliance topics such as the numbers of insiders; numbers and approvals of received and offered gifts and entertainment; possible related conflicts of interest; number and approval of outside positions and interests; and NN Code of Conduct acknowledgement percentages. Future focus will be on increasing the general use of this dashboard and actively monitoring use among managers.

Effective Control Framework maturity reflection

In January 2019, Group Risk and Group Compliance launched the Risk Culture Check-in, whereby all business units perform a self-assessment of the risk culture within their unit (including the independent view of local control functions) and cooperation with Head Office control functions.

Since 2021, the Risk Culture Check-in and the Maturity Assessment of business unit control functions has been integrated in the Effective Control Framework (ECF) Maturity Reflection. The ECF Maturity Reflection forms the basis for constructive dialogue with NN senior management on how we manage the risk culture within the company and where we can improve. The resulting 360-degree loop delivers content to underpin the Employee Conduct & Business Culture statement within our risk management framework. The process is led by Group Risk in close cooperation with Group Legal and Group Compliance. The ECF Maturity Reflection is carried out across all business units every two years, most recently in 2022 with the next scheduled for 2024.

Reporting misconduct (whistleblowing)

By living up to our values, we create a safe working environment for colleagues, and protect the reputation and integrity of our company. Not doing so may also expose NN Group and its employees to possible regulatory and/or criminal liability. Internal reporting of potential criminal and unethical conduct or breaches of (local and European Union (EU)) law by or within NN is vital for a safe working environment in which everyone feels welcome, valued and respected. Whenever breaches of the Code of Conduct or EU legislation are reported, NN carefully reviews and assesses whether further investigation or action is needed.

NN uses the Speak Up system, which enables every employee and certain external parties to report, if they wish anonymously, a concern and/or breach outside regular reporting channels within NN Group. NN Group guarantees various rights, including protection from retaliation, for any employee or external party who reports a concern/breach in good faith in a work-related context. Due to the introduction of new legislation in the Netherlands in 2023, the definition of whistleblowing was narrowed. Reports that fall outside the remit of the new definition will be followed up by NN through alternative and aligned channels.

In 2024, the Compliance Function will continue to raise awareness through training and communication, within the Netherlands and internationally, in close cooperation with HR and Communication departments.

2023 reported whistleblower cases

In 2023, we received whistleblower reports from various parts of NN Group, both in the Netherlands and internationally. Reports are recorded and numbers are periodically reported by the Chief Compliance Officer to the Management Board and Risk Committee of the Supervisory Board.

Whistleblower cases	2023	2022	2021
Total reported	29[1]	17[1]	1
Investigated by CSI	3	2	1

1 Since 2022, the numbers of whistleblower reports as shown in the table refer to the reports received within the new Speak Up system.

In 2023, five disciplinary actions were taken on reported whistleblowing cases.

Other incidents and concerns

For 2023, Corporate Security & Investigations was involved with 48 cases in total (2022: 51). In five cases, disciplinary measures (warning, reprimand, termination of employment or instant dismissal) were taken. Employees are informed in writing of any disciplinary measures.

CSI cases involving disciplinary measures	2023	2022	2021
Fraud-related	3	1	0
Unethical behaviour	2	1	2
Conflict of interest	0	0	0
Total	5	2	2

Product approval and review process (PARP) and customer golden rules

The demand for transparent, simple products from the financial services industry continues to grow. Customers expect value for money, transparency, and products and services that align with societal expectations and legislative developments. Any new or modified products or services are subject to a thorough PARP to ensure they are transparent and meet customer needs. Our customer golden rules are an integral part of the PARP:

- We strive to meet customers' needs throughout their life cycle
- Offer fair value to customers
- Explain the risks, returns and costs of our products and services
- Regularly assess products, services and distribution practices
- Only work with professional and licensed distributors

At the end of 2022, the EU European Insurance and Occupational Pensions Authority (EIOPA) published the regulatory toolbox, Value for Money for Unit Linked (UL) and a warning regarding Credit Protection Insurance (CPI) products. NN has implemented new specific principles derived from Value for Money in our Product Policy and PARP templates. In 2023, we noticed more regulatory focus on Product Oversight and Governance (POG) and NN followed up on reviews and investigations done by regulators derived from the Value for Money toolbox.

Product insight

Implementation of the extensive changes to the Sustainable Finance Disclosure Regulation (SFDR) and related Insurance Distribution Directive (IDD) were completed in 2023. This was a focus area within NN and across our industry. To support the SFDR disclosures throughout NN Group, Finance Service Centre developed a centralised data solution, the ESG Central Data Platform, for making SFDR calculations. A SFDR Guidance Committee and User Board were installed to further mature the reporting process and address any required regulatory changes to current processes or methodology.

Our Unit-Linked dashboard was optimised for our investment products, giving insight into all Unit-Linked Asset Managers, funds offered on risk levels, SFDR classification, fund returns and the performance of funds available within NN. The dashboard is a first step in enabling us to demonstrate that our fund offering is effectively managed in the best interest of our customers. In 2023, Group Compliance, Group Legal and Group Risk executed a deep dive into sales quality within NN Insurance Europe. High sales quality is key to securing customer interest and providing easy-to-explain, transparent products. The good practices resulting from the deep dive will be implemented throughout NN. In the fourth quarter of 2023, NN started a review of the PRIIPS KID (Packaged Retail Investment and Insurance products, Key Information Documents) to assess the balance between expected client return and total costs.

Data privacy

We are aware of the need to strike an appropriate balance between individual choices, privacy and social responsibility. With digitalisation continuing rapidly, we are conscious that to safeguard the privacy of our customers, it is more important than ever to secure their personal data and handle it responsibly. We do this by complying with legislative data protection requirements, of which the EU General Data Protection Regulation (GDPR) is the most important. In our privacy statement we explain how we have translated the GDPR into our day-to-day operations. We ensure the careful processing of (personal) data by providing trainings for our employees and regularly update information on our intranet. In 2023, all employees within the EU were requested to complete the mandatory GDPR e-learning (Privacy Matters) as a follow-up to a previous mandatory GDPR e-learning.

Our DPO Charter provides a mandatory framework that establishes the function of Data Protection Officer (DPO). NN Group and its business units within the EU have appointed a DPO, who is assigned a clear mandate and responsibilities in line with the DPO Charter and the GDPR. Our DPOs continuously monitor compliance with the GDPR, and act as contact points for supervisory authorities and data subjects. The DPOs monitor the number of complaints and data breaches. These numbers are currently within an acceptable range.

Artificial intelligence

For years now, data has been a vital element of serving customers effectively. In the past year, there has been a tremendous worldwide focus on the possible use cases of artificial intelligence (AI). We believe using AI will have a significant impact on our data processing, from straightforward document handling processes to the most complex processing of (personal) data. Using AI, along with other strategies and tools, to analyse customer propositions helps us strengthen our relationships with customers, forge more intuitive partnerships and create superior tailor-made solutions. Our data and AI analysis is currently focused on product/market optimalisation, process efficiency, and fraud and claim analytics and we are exploring other use cases.

It is vital that for all AI use cases that the application is trustworthy by design. We developed the NN AI Guidelines to facilitate the development and use of AI in a trustworthy manner. These ethical guidelines are based on the seven requirements of trustworthy AI, as set out in the Ethics Guidelines for Trustworthy AI by the European Commission in 2019.

We have closely monitored the development of the European AI Act. In 2021, a draft was published, which was then discussed in the European Parliament in June 2023 and eventually politically agreed upon at the end of 2023. During the course of 2023, NN took relevant steps by embedding its ethical guidelines within NN Group governance. We also established an AI Working Group that validates all AI systems or models to be used within NN, with reference to the NN AI Guidelines, thereby focusing on relevant aspects of trustworthy AI, such as lawful processing of personal data, preventing bias and discrimination, and appropriate assessment of ethical dilemmas. This means we are also deploying AI in line with the Ethical Framework for data-driven applications of the Dutch Association of Insurers (Verbond van Verzekeraars). As soon as the AI Act is in final form, NN will take any additional steps necessary to comply with the Act. NN also monitors other relevant upcoming legislation, such as the proposed AI Liability Directive, along with any supervisory guidance in relation to the use of algorithms.

Financial economic crime

For NN, combating financial economic crime (FEC) is not a mere obligation. It is a way to protect society, including our customers, against criminal activity. FEC covers the risk of money laundering, financing of terrorism and breaching applicable sanctions regimes. As a corporate citizen, NN Group takes its gatekeeper role to protect the integrity of the financial system very seriously. This commitment is reflected in our Risk Appetite Statement regarding sound business conduct and in the NN Group FEC Policy. The FEC framework sets out mandatory minimum requirements to detect and prevent FEC, and is based on applicable international, European, Dutch and local laws, regulations and guidelines.

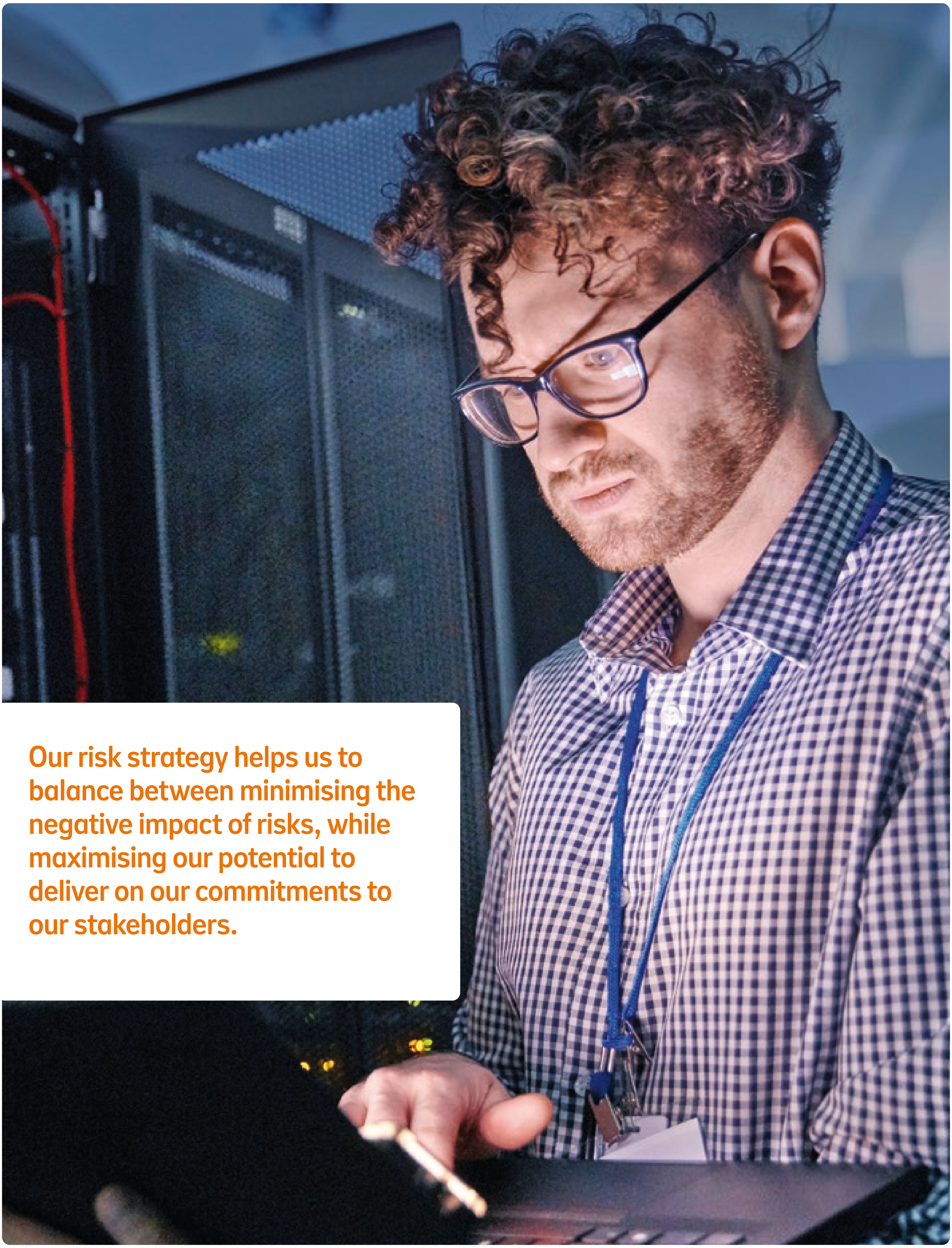
In 2023, we continued building a strong FEC framework. An important milestone was introducing the updated FEC Policy. In addition, FEC governance was formalised to enable a local FEC Compliance Officer to report directly to their FEC Responsible Board Member and local management team, and to inform NN Group boards and the FEC Centre of Expertise within Group Compliance on FEC issues.

In addition to the overarching Enterprise Risk Management (ERM) Report, the FEC report provides valuable new insights into progress on FEC remediation, issues and impediments and contributes to increased awareness and knowledge within the business units. In the Netherlands, the framework has been further strengthened through a specific programme focusing on optimising and remediating the Dutch business units' overarching processes. In addition, FEC awareness and training remains a key element in maintaining a robust FEC Compliance framework. A group-wide programme was therefore implemented in the Netherlands and international business units. Looking forward, we will continue our efforts to maintain a strong FEC framework, by training relevant employees, executing a group-wide risk assessment, and performing deep dives where deemed necessary.

Unit-linked products in the Netherlands

In the Netherlands, unit-linked products have received negative public attention since the end of 2006. As of 31 December 2023, the portfolios of Nationale-Nederlanden comprised approximately 290,000 active unit-linked policies. On 9 January 2024, NN announced a final settlement with interest groups ConsumentenClaim, Woekerpolis.nl, Woekerpolisproces, Wakkerpolis and Consumentenbond regarding unit-linked products sold by Nationale-Nederlanden, including Delta Lloyd and ABN AMRO Levensverzekering. Read more in Note 43.

5 Managing our risks



Our risk strategy helps us to balance between minimising the negative impact of risks, while maximising our potential to deliver on our commitments to our stakeholders.

Managing our risks

Risks represent potential future events that could adversely impact our business performance and achieving our strategic targets. Strong risk management helps us monitor developments in our operating environment and act where necessary.

Introduction
This section covers the following topics:
- Risk control cycle (pages 64–69)
- Risk profile, with a focus on material risks as established by NN Group's Management Board (pages 69–72)

Read more detail on how we manage sustainability and climate change-related risks on pages 73-78. Details on our financial risk profile can be found in Note 50.

Risk control cycle[1]
We manage any risks inherent to our business model and the environment in which we operate within NN Group's risk appetite and framework. Every employee has a role to play in identifying risks in their area of responsibility and managing them in a proactive way. It is important to know which risks we need to avoid and which we are prepared to take, and why; to be aware of large existing and emerging risks; and to ensure an adequate return for the risks assumed within the business.

The risk control cycle ensures that business units and NN Group operate within our risk appetite:
1. Define risk strategy: risk appetite, policies and standards;
2. Identify and assess the risks that need to be managed;
3. Effectively mitigate risks through controls or other mitigation measures;
4. Continuously monitor effectiveness of mitigating measures and report on them.

This cycle is underpinned by a sound risk culture.

The risk control cycle supports the NN Group strategy, the Business Plan (financial control cycle) and performance management (HR cycle) that enable business units and NN Group to meet their business objectives.

Step 1: Risk strategy
The risk strategy is determined together with the business strategy. During this strategy-setting process, strategic and emerging risks need to be considered carefully. These risks for example look at sensitivities around assumptions behind a proposed business strategy, or the possibility that a proposed business strategy does not align with NN Group's values and You matter brand promise outlined on pages 20 and 32–33.

The risk strategy further clarifies what risks (and to what extent) NN Group is willing to take in pursuit of business objectives. These are expressed through risk appetite statements and further detailed through policies and standards.

Risk appetite statements describe how NN Group weighs strategic decisions, and communicates its strategy to key stakeholders and business unit CEOs with respect to the desired level of risk-taking. They thereby define our preferences for or against certain risk types. This helps us avoid unwanted or excessive risk taking, and optimise our use of capital. To the extent necessary, the risk appetite can be further operationalised into risk metrics (see under Risk metrics in this chapter). Furthermore, requirements and/or guidance on how to mitigate risks can be provided through policies and standards.

Risk appetite framework
We have the following four risk appetite levels:

Risk appetite	Description
Avoid	We apply considerable efforts to avoid these risks happening, or even eliminate them. If they happen, we apply a zero-tolerance attitude to address incidents.
Limited	We do accept these risks, but we still try to limit them with reasonable efforts to manage potential impact.
Moderate	We accept these risks, but neither avoid nor seek them actively. We use a risk/reward or risk/cost consideration to manage these risks.
Actively pursue	We are risk-seeking for this type of risk, accepting uncertainty or volatility, as we expect taking the risk will be ultimately rewarded.

1 These disclosures are an integral part of the Consolidated Annual Accounts, and are part of the disclosures to which the audit opinion relates. This includes pages 64-69.

Embedding a sound risk culture within properly organised and governed business processes and projects is an important part of NN Group's risk strategy. More information on how risk management responsibilities within NN Group are organised can be found in the Corporate Governance chapter on pages 79-125.

The risk appetite is (re-)assessed, documented and communicated during the yearly Own Risk and Solvency Assessment (ORSA) process, in sync with the Business Plan process. The risk appetite is approved by the Supervisory Board. Our risk appetite per type of risk is:

Managing Strategy
Risk appetite: Moderate
We create sustainable long-term value for all our stakeholders and contribute to the well-being of people and planet, so we continuously evaluate and adapt our business model to the external environment (product portfolio, distribution channels, organisation, etc.) to meet evolving customer needs. When doing so, we moderately accept risks from the same, including in attracting and retaining business leaders and (world-class) talents.

Solvency Risks
Risk appetite: Limited
We accept financial risks on our balance sheet so we can offer financial security through products and services for our customers as well as predictable and attractive returns for our investors. We:
- Like to avoid having to raise equity capital after a 1-in-20 year event
- Only accept risks that we understand, can price and effectively manage
- Limit exposure to, or volatility due to, non-rewarding risks (in particular concentration, interest rate, currency and inflation risk) or risks to which we already have a high exposure

Liquidity Risks
Risk appetite: Limited
We want to meet our payment and collateral obligations, even when under severe liquidity stress, while also actively pursuing illiquid assets to back illiquid liabilities on our balance sheet.

Sound Business Conduct
Risk appetite: Avoid
We have no appetite for material breaches of business integrity-related policies and standards.

People Conduct Culture
Risk appetite: Limited
We nurture a culture aligned with our purpose, values and ambitions, which supports continuous learning, collaboration, and diversity of thinking, and limit risks to the same.

Product Suitability
Risk appetite: Avoid
We only market products and services that add value to our customers over their expected lifetime, and can be explained in a simple, transparent manner.

Operational Risks & Losses
Risk appetite: Moderate
We moderately accept human errors and as such failures in processes, and therefore manage to agreed tolerances.

Technology Risks
Risk appetite: Limited
We limit losses arising from technology risks, and therefore we ensure our technology assets are sufficiently resilient and responsibly used.

Reliable Reporting
Risk appetite: Avoid
We have no appetite for material errors in external financial and non-financial reporting, and internal reports used for managerial decision-making.

Business Continuity
Risk appetite: Limited
We avoid, to the extent possible and even under severe circumstances, sustained discontinuation of business (people, offices, systems).

In 2023, NN Group combined the risk appetite statements for Managing Strategy and Human Capital Risks, and adjusted the wording to better reflect our strategic commitments. In addition, we made the wording of the risk appetite statements Sound Business Conduct and People Conduct Culture clearer and more concise. We also adjusted the wording of the risk appetite statements for Technology risks to incorporate the latest internal and external developments in technology and artificial intelligence.

Risk taxonomy
NN Group has defined and categorised its risk landscape in a risk taxonomy:

Risk appetite		Risk class	Description
Managing Strategy	Strategic risks	Emerging Risks	External risks that cannot yet be fully assessed or quantified but that could in the future affect the viability of NN Group's strategy.
		Strategic Risks	Risks, arising in shaping NN's business, related to making incorrect business decisions, implementing decisions poorly, or being unable to adapt effectively to changes in NN's operating environment.

Risk taxonomy (continued)

NN Group has defined and categorised its risk landscape in a risk taxonomy:

Risk appetite		Risk class	Description
Solvency Risks	Financial risks	Market Risks	Financial risks related to (the volatility of) financial and real estate markets.
Solvency Risks	Financial risks	Counterparty Default Risks	Financial risks related to the failure by counterparties to meet contractual debt obligations.
Solvency Risks	Financial risks	Underwriting & Pricing/ Non-market Risks	Financial risks related to insurance liabilities due to inadequate pricing and provisioning assumptions (i.e. product-related risks from an NN perspective).
Liquidity Risks		Liquidity Risks	Financial risks related to being unable to settle financial obligations when due.
Sound Business Conduct		Business Conduct Risks	Non-financial risks related to unethical or irresponsible behaviour when doing or representing the business (red lines).
People Conduct Culture		People Conduct Risks	Non-financial risks related to the attitude and (perceived) behaviour of our workforce.
Product Suitability	Non-financial risks	Product Suitability Risks	Product-related risks from a customer perspective.
Operational Risks & Losses	Non-financial risks	Business Operating Risks	Non-financial risks related to inadequate or failed business processes (internally, or externally performed by business partners).
Technology Risks	Non-financial risks	Business Technology Risks	Non-financial risks related to inadequate or failed information technology (systems).
Reliable Reporting		Business Operating Risks	Non-financial risks related to inadequate or failed business processes (internally, or externally performed by business partners).
Business Continuity		Business Continuity Risks	Non-financial risks of accidents or external events impacting continuation or security of (people or assets in) our business operations.

Note: Sustainability risks are not a separate risk class. They drive strategic, financial and non-financial risks in several areas of our taxonomy. Paragraph Sustainability and climate change risk on pages 73-78 explains in detail how we mitigate or manage these risks.

Risk metrics

Risk monitoring is a regular process to assess and evaluate developments in the risk profile. It determines whether risks are within the risk appetite and in line with policies and standards. Monitoring activities are performed following developments in qualitative and quantitative boundaries (risk metrics) around risk taking, such as:

- Risk limit – maximum exposure to a risk that management is willing to accept and should not be breached.
- Risk tolerance – level of exposure of a risk, where management wants to be actively informed. A tolerance is set to function as a trigger for reviewing the exposure regularly and reflects an ambition level within which management wants to act in the medium term.
- Key Risk Indicator (KRI) – assists management in determining whether specific areas or business objectives are at risk of moving beyond the risk appetite. The KRIs indicate when specific actions might be necessary to stop or reduce increasing risk levels.
- Policies and standards – define objectives and requirements to ensure that processes and risks are managed consistently throughout NN Group.

Strategic & Emerging Risks – metrics

These are monitored through various metrics related to the Business Plan, such as progress on main strategic initiatives, and deviation between actual and planned strategic targets.

Solvency Risks – metrics

Relevant metrics:

- Solvency II ratio: the ratio of Eligible Own Funds (OF) to Solvency Capital Requirement (SCR). NN Group aims to capitalise the group and its business units adequately at all times. To ensure adequate capitalisation, business units are managed to their commercial capital levels (based on the Solvency II ratio or local solvency regime) in accordance with the risk associated with the business activities.
- Solvency II ratio sensitivities: show how the NN Group OF and SCR are impacted under various scenarios as decided by NN Group Management Board (e.g. changes in interest rates or other financial market factors).
- Cash capital position: NN Group holds a cash capital position in the holding company to cover stress events, and fund holding company expenses and interest expenses. The cash capital position is defined as net current assets available at the holding company.
- Own Funds at Risk limits: NN Group has implemented limits to monitor the impact of moderate stress events in business units, and monitors the level of capital and financial flexibility this requires at the holding level.

- Interest rate risk limits: NN Group has implemented limits and tolerances for interest rate risk exposures at NN Group and business unit level.
- Bank capitalisation: the amount of capital NN Bank is required to hold as part of the Basel III framework, expressed as a capital adequacy ratio of equity that must be held as a percentage of risk-weighted assets.
- Product and underwriting limits: limits designed to manage deviations between expected and realised claims and payments, longevity risks, etc.
- Policies and standards: on investment management, mandates and asset allocation, responsible investments, products, and underwriting.

Liquidity Risk – metrics

Relevant metrics:

- Required sales ratio: liquidity risks are monitored by assessing the required sales ratio between liquid assets and liquidity requirements for severe stress scenarios and different time horizons.
- A minimum buffer of immediately available liquidity (cash and committed facilities) to be able to meet collateral calls from derivative exposures.

Counterparty Default Risk – metrics

Individual issuer concentration limits: to prevent excessive concentrations to individual issuers, NN Group has concentration limits on corporate and sovereign issuers, asset type and country of risk. NN limits the level of issuer concentration also at consolidated level.

Non-Financial Risks – metrics

Relevant metrics are:

- Timeliness and effectiveness of monitoring as performed by management and control functions.
- Incidents: the number of realised losses/accidents that have a financial or reputational impact.
- Overdue issues: the number of issues that are (not) timely solved within agreed remediation period.
- Reporting materiality: potential deficiencies in reporting processes are evaluated, individually and on an aggregate level, against the applicable reporting materiality.
- Restricted list and exclusion list: designed to prevent investments in securities not in line with NN Group's values and/or applicable laws and regulations, as established in NN's Responsible Investment Framework.
- Various KRIs to measure whether processes are executed according to target (e.g. number of incidents, customer complaints, outage of primary systems, etc).
- Policies and standards that define objectives and requirements around compliance, IT, operations, security and business continuity.

Step 2: Risk Assessment

Risk assessments specifically seek to identify and assess risks to the business of NN Group and its business units. The quantitative risk profile for financial risks is mostly measured using NN Group models on predefined confidence intervals ('shocks'), and reported against risk limits. Non-quantifiable risks, and non-financial impact of quantifiable risks, are assessed through control effectiveness in relation to acceptable impact. Tail events (low probability, high impact) are explored through scenario analysis and addressed with (tested) Business Continuity Plans or contingency plans.

Below we describe some of these risk assessments in more detail.

Strategic Risk Assessment (SRA) and Own Risk and Solvency Assessment (ORSA)

NN Group, and each of its regulated (re)insurance subsidiaries, prepares an ORSA at least once a year. This also covers our non-Solvency II entities, Japan and Turkey. Similar to an ORSA, NN Bank performs an Internal Capital Adequacy Assessment and Internal Liquidity Adequacy Assessment, in accordance with Basel III requirements.

As part of the ORSA, a Strategic Risk Assessment (SRA) is performed at least annually by both the NN Group Management Board and the management of operating units. The outcomes of the SRA are key risks. That is, risks that are potentially solvency-threatening or could have a significant negative impact on the achievement of one or more of the business objectives in NN Group's strategy or business plan. The ORSA includes a forward-looking overall assessment, using scenario analysis and stress testing, as to whether each entity holds sufficient capital across its business planning period to withstand the potential impact of identified key risks. Impact is mainly assessed on the Solvency II capital position, but also on liquidity or operating capital generation where relevant. The outcome of the SRA is used, among others, in the double materiality assessment (see section Determining our material matters on pages 11–15).

Risk Assessment

Risk class	Risks assessed via
Emerging & Strategic Risks	Business planning; SRA and scenario analysis, including ORSA.
Market Risks	Asset Liability Management (ALM) studies, Strategic Asset Allocation (SAA) and New Asset Class Assessment (NACA).
Counterparty Default Risks	Assessment of maximum exposure on asset class, issuer and country basis.
Underwriting & Pricing Risks	Product approval and review process (PARP).
Liquidity Risks	SAA, NACA.
Non-Financial Risks	Risk assessments on processes and projects (including aspects of IT, financial economic crime, fraud, etc.); Systematic Integrity Risk Assessment (SIRA), looking at behavioural and integrity risks; ECF Maturity Reflection, looking at risk maturity and culture.

NN Group also assesses the appropriateness of its Partial Internal Model (PIM), which is used to calculate the Solvency II ratio. Risk Management also prepares a separate annual report for the Management Board and the Risk Committee of the Supervisory Board on the performance and appropriateness of the Internal Model.

Stress testing can also be initiated outside the ORSA, either internally or if requested by external parties, such as the Dutch Central Bank (DNB) or European Insurance and Occupational Pensions Authority (EIOPA).

Strategic Asset Allocation (SAA)

Regulated (re)insurance entities of NN Group execute a SAA study once every three years, in which the target allocation and bandwidth are set for each asset class. The SAA study is reviewed annually, using updates for the assumptions on return, risk and feasibility, and a review of constraints and objectives.

Product approval and review process

The PARP has been developed to enable effective design, underwriting and pricing of all insurance products, and ensure these can be managed throughout their lifetime. The process establishes requirements regarding the product risk profile features to ensure products are aligned with NN Group's strategy. The PARP takes into account customer benefits and product suitability, expected sales volumes, value-oriented pricing metrics, and relevant policies and regulations. It also includes requirements and standards for assessing risks as per the risk categories, as well as the administration and accounting aspects of the product.

New Assets Class Assessment (NACA) and investment mandate process

NN Group maintains a NACA for approving investments in new asset classes, thereby establishing a global list of asset classes in which NN Group entities may invest.

Investments in these asset classes are governed through investment mandates given by the insurance entities to the asset manager(s).

Process Risk Assessments

Process Risk Assessments are performed periodically on (sub-) processes by the relevant process owners, with particular attention to risks in process handover points, where responsibility for activities moves between departments and/or managers. Owners annually assess what the most important non-financial risks are within their process, looking at for example aspects of IT, data quality, human error, changes to systems and processes, etc.

Step 3: Risk Control

Through its Preparatory Crisis Plan, NN Group has determined a set of measures for early detection of and potential response to a crisis, should it occur. The aim of the plan is to ensure tools, measures and processes are in place that would enable NN Group to:

- Avoid going into Recovery
- Anticipate in good time any approaching financial distress and/or potential recovery situation
- Quickly recover to an acceptable minimum solvency (and liquidity) level when faced with financial distress and/ or recovery
- In the Risk profile paragraph, we describe mitigating activities per risk type in more detail

Risk Control

Risk Control refers to activities undertaken to ensure proper mitigating measures are designed, documented and executed such that risks are managed within defined risk limits and tolerances, and in line with policies and standards.

Risk class	Risks are mitigated/controlled through
Emerging Risks	• Scenario analysis and contingency/recovering planning
Strategic Risks	• Adjusting the strategic targets/business model to meet the changing environment, implemented through strategic initiatives/programmes • Business planning, monitoring of strategic execution and scenario analysis
Market Risks	• Monitoring based on limits and tolerances and adjusting asset positions if necessary • Hedging/use of derivatives • Monitoring investment mandates for external investment managers
Counterparty Default Risks	• Monitoring based on limits and tolerances and adjusting asset positions if necessary
Underwriting and Pricing Risks	• Hedging with financial instruments (asset-liability management) • Monitoring based on concentration and exposure limits and tolerances and act in case of breaches • PARP • (External) (re)insurance
Liquidity Risks	• Monitoring based on limits and tolerances and adjusting asset positions if necessary • Cash management/treasury techniques
Non-Financial Risks	• Controls and control testing • Incident management and external insurance • Risk culture, awareness and training • Project risk logs and monitoring • Business continuity management

Step 4: Risk monitoring & reporting

Risk monitoring helps us assess and evaluate developments in the risk profile. It determines whether risks are managed within the applicable risk appetite, related limits and tolerances, and in line with policies and standards. Results of the risk monitoring are reported regularly to the responsible managers of departments, as well as the management and supervisory boards of both NN Group and its entities. This includes information on, for example, strategic projects, financial risk limits and developments, control effectiveness, control deficiencies and incidents, and second line opinions and advice. Action is taken by management when monitoring indicates that risks are being inadequately controlled.

The Management Board and Supervisory Board of NN Group receive a quarterly Enterprise Risk Management (ERM) Report and OF/SCR Report. The ERM Report is designed to provide a single consistent, holistic overview of the risks for NN Group. It compares current risk levels to our risk appetite, and aims to encourage a forward-looking risk view. In the report, the different NN Group business units report back on their risk profile in relation to their risk appetite, including a second line opinion from Risk, Legal and Compliance. The OF/SCR Report aims to give an overview of the quarterly Solvency II capital position, and developments in OF and SCR. It also includes the Solvency II ratio sensitivities.*

Risk profile

The Management Board of NN Group regularly assesses the key risks that might impact achieving our strategic and financial targets, using a variety of inputs, including:

- External trends and material topics, as identified by our stakeholders
- Macroeconomic reports and publications from analysts, CRO Forum and the World Economic Forum
- Scenario analyses and stress-testing by our investment and risk teams
- Risk self-assessments by the management of NN Group and its businesses

Compared with 2022, climate change (2), geopolitical instability (7), and recession (8) risks have increased. Human Talent, IT legacy and change risk, Change agility and capacity overload, and Being outrun by competition were on the 2022 list, but are either no longer considered key risks or have been redefined. Geopolitical instability (7) and climate change (2, 3) are considered emerging risks. Though not necessarily new, and to some extent already materialised, in terms of both their nature and risk level they are still developing, as is our response to mitigate their impact.

Cyber (security) risk

Risk of cyber-attacks, leading to misuse or loss of information or privacy breaches, discontinuity of operations or financial or reputation loss.

Given their pivotal role in the financial infrastructure, and their possession of large amounts of payment data and/or personal information, financial services companies are a target for hackers, and a geopolitical target. Cyber incidents can cause, among other things, loss of data, disruption and shutdown of business activities, criminal theft and reputational damage.

Although NN is continuously improving its resilience and cybersecurity, the threats and their levels of sophistication are also increasing. Continuous investments are therefore needed to avoid, for example, unavailable systems affecting our daily business and potentially customer confidence. Group IT's Enterprise Security and Compliance (ESC) function leads all efforts to further enhance our information security and provide 24/7 protection against cyberthreats. Education and awareness-raising are part of our security strategy. We also have Business Continuity and Disaster Recovery plans, and cyber insurance for all NN's majority

The 2023 Strategic Risk Assessment identified ten key risks (ranked by relative importance):

Rank	Key risk	Risk class	Risk level (vs 2022)
1	Cyber (security) risk	Technology Risks	→
2	Climate change – physical risk for liabilities**	Underwriting & Pricing Risks Emerging Risks	↗
3	Climate change – transition risk for assets**	Emerging Risks Market Risks	→
4	Sustainable cost levels	Strategic Risks Underwriting & Pricing Risks	→
5	Model risk**	Strategic Risks	→
6	Regulatory environment	Strategic Risks	→
7	Geopolitical instability	Emerging Risks	↗
8	Recession	Market Risks	↗
9	Inflation	Market Risks Pricing & Underwriting Risks	↘
10	Product suitability	Product Suitability Risks	↘

* The audit scope referenced on page 64 ends here.

** New risks in 2023, compared to 2022.

stock-interest and first-loss risk and third-party damage coverage. Furthermore, through implementation of the Digital Operation Resilience Act, which came into force in January 2023, NN Group will further strengthen the resilience of its digital operations.

Climate change – physical climate risk for liabilities

Changes in weather patterns, temperature, hydrological conditions or natural ecosystems, affecting the frequency or severity of natural disasters (such as flooding, heatwaves, droughts, windstorms), potentially impacting properties and businesses or increasing chronical diseases or casualties.

The physical effects of climate change are visible around the world, with rising temperatures and sea levels, and more frequent and severe natural disasters such as heatwaves, heavy precipitation, droughts and storm surges. These changes are expected to continue and intensify in the coming years, leading to risk of increased liability impacting, for example, our property insurance products and, potentially, excess mortality, driving up health and life insurance claims in the longer run.

NN Group has developed a Climate Risk Assessment (CRA) to identify, assess and prioritise the physical and transitional risks of climate change for its balance sheet components. Read more on page 73. Our Non-life business helps customers take preventive measures, monitors claims experience, adjusts pricing and policy conditions, and uses catastrophe models it has developed for underwriting. NN also has a group-wide catastrophe reinsurance programme.

Climate change – transition risk for assets

(In)direct financial losses to investments and/or lower investment returns resulting from the transition to a lower-carbon/green economy, which may adversely affect individual businesses, sectors or the broader economy. In addition, there is the risk that governments, businesses and individuals fail to enforce, enact or invest in effective climate-change mitigation measures, such as the decarbonisation of economic activity, and therefore are not able to meet the regulatory ESG ambitions.

Transition risks arise from the shift towards a low-carbon economy, and associated market and policy developments. This may have a profound impact on the financial performance of companies across a range of industries. Some industries, such as renewable energy and electric vehicles, will likely benefit from the transition while others, such as fossil fuel extraction and energy-intensive manufacturing, may face significant challenges.

NN Group monitors, manages and assesses transition risk through the four transition risk sub-categories, as outlined in the Task Force on Climate-related Financial Disclosures (TCFD): policy, technology, market and reputational risks. We regularly review and update the company's climate strategy and risk management processes. We also engage with stakeholders to ensure we stay abreast of the latest developments transitioning to a low-carbon economy.

Through our role as a large institutional investor, NN aims to positively impact sustainability matters. We have developed asset-class-specific strategies for the investment portfolio, including (i) greenhouse gas emission (GHG) reduction for the corporate investment portfolio (25% by 2025 and 45% 2030) and (ii) a target to increase climate solutions investments by at least EUR 6 billion by 2030. Additionally, NN actively contributes to industry bodies to define standards on sustainable and responsible investments and underwriting, and has endorsed various initiatives. We are deploying qualitative and quantitative scenarios to further understand impact of both physical and transitional risks, both during the business plan period as well as beyond.

Sustainable cost levels

Risk of expenses levels remaining at a too high level compared to competitors, for both the closed book (not managing cost in line with run-off of the books) and new products. Expense levels are increasingly under pressure due to, among others, increasing supplier costs and increased pressure on salaries.

To remain competitive, NN Group needs to align its revenues and cost base for all businesses. For example, for Netherlands Life, improving IT systems and efficiency is important both to keep cost levels in line with the run-off pace of the closed books and to grow further DC business profitably. Overall, NN Group faces additional costs related to, for example, Financial Economic Crime and ESG implementation, while inflation is driving higher costs of procured services and lower than expected cost savings.

NN reduces future expenses through projects related to digitalisation and product rationalisation, a simpler organisation and IT simplification. We leverage scale where possible and employ an Agile Way of Working where beneficial.

Emerging risks

Emerging risks are external risks that cannot yet be fully assessed or quantified but that could in the future affect the viability of NN Group’s strategy. They are relevant for NN Group because they can accumulate over time and they can be difficult to link to a specific cause. In 2023, NN Group was a chair of the Emerging Risk Initiative within the CRO Forum. The CRO Forum brings together a group of European chief risk officers (CROs) from insurance companies who share ideas and benchmark risk management practices. The Emerging Risk Initiative identifies and communicates emerging risks that may have significant impacts on the industry within the next ten years. By monitoring emerging risks through the Risk Radar, we can develop products and services that help our customers to insure themselves against new risks.

Model risk

Risk of reliance in decision-making on our internal model, which can be invalid or mis-specified for the purposes that it is used for, leading to wrong decision-making or undesired movements of the NN Group Solvency II ratio.

For the purposes of calculating the SCR, NN applies a PIM for the Dutch insurance entities as it better reflects their risk profile. Besides the strengths the PIM has some limitations since models rely on assumptions and expert judgement which are essentially the sum of NN Group's current knowledge and experience used to construct an approximation of the underlying risk drivers. The limitations should be considered in the context of measuring capital requirements, using PIM in risk management and making business decisions.

To manage model risk in a proper way, 1) NN Group takes a proactive approach to identifying and mitigating the PIM's potential shortcomings; 2) applies strict model governance, including regular monitoring and validation of the model performance; and 3) conducts other assessments, such as sensitivity analysis, stress testing and scenario analysis.

Regulatory environment

Risk of adverse regulatory change, increased supervisory scrutiny or regulatory overload, which may have a profound impact on our business model, performance or ability to dedicatedly work on own innovation or strategic initiatives (e.g. more severe SII regulation, scrutiny on internal model (diversification), Financial Economic Crime, sustainable finance legislation).

Ongoing regulatory changes and topics subject to additional supervisory scrutiny might affect our business model, solvency position or business operations. Such regulatory developments include new pension regulations in the Netherlands, changes to the Solvency II framework and new regulations regarding sustainability.

Our capital position might be impacted by further changes to the Solvency II framework (e.g. the Solvency II 2020 review) or supervisory scrutiny in areas such as the internal capital model. The Solvency II review is expected to have a positive impact on the Solvency II ratio in certain areas, such as the design of the Volatility Adjustment and Risk margin. However, the legislative proposals also include potentially negative areas for NN and the industry (e.g. changes to the extrapolation of the risk-free curve, changes to the risk correction, introduction of the enhanced prudency principle, and extended powers for supervisors). Actual implementation of the changes is not expected before 2026 with a phase-in mechanism until 2032.

A major sustainability regulatory development is the EU Sustainable Action Plan, which requires significant efforts to implement. NN Group has a Taskforce Sustainability in Business (TFSB) to implement the requirements from, for example, the Corporate Sustainability Reporting Directive (CSRD).

We follow the development of (future) regulations closely so we can take timely action. NN proactively maintains relationships with regulators and supervisors, and assesses and regularly calculates the potential impact of regulatory changes on our solvency position and risk profile.

Geopolitical instability

Escalation of geopolitical tensions in the world, primarily between the US and China (e.g. further military escalation around Taiwan) which may lead to Europe being squeezed between two power blocks which may lead to economic impacts (e.g. disruption of supply chains, availability of resources) as well as diversion of resources to military goals (e.g. increased NATO spending).

Geopolitically, more and more alliances are forming worldwide, with no clear demarcations between countries and different power blocks/international alliances.

The Russia-Ukraine war has increased uncertainty around the future course of the economy and our operating environment. Although this crisis can develop in different directions, the most likely outcome seems a protracted conflict with no clear winner. Furthermore, there is continuing US-China tensions, both military and economic, with potential side effects for their allies (for example, sanctions or other trade barriers). For the EU, complete de-coupling from China seems unrealistic and the EC is working on a de-risking plan, despite lack of clarity on what this specifically means. The recent Israel/Hamas conflict only adds to existing geopolitical tensions, and further complicates international political relations and increases economic uncertainty.

NN does not have direct business activities in Ukraine, Russia, China or Israel, and has limited direct financial exposure to these countries. However, the impact on our operating environment and on NN will depend on how geopolitical tensions progress and/or escalate, which may coincide with other inflationary or recessionary developments.

So far, NN has experienced relatively modest impact from these adverse developments. In the short term, NN should withstand the adversity of these geopolitical tensions, given our strong solvency and liquidity positions, and current asset exposures: low direct exposure to other financial companies; relatively high asset duration; a low duration gap; and a high allocation to highly rated European countries that, with relatively strong economies and sovereign currencies, are considered safe havens in times of crisis.

NN manages its asset exposures via concentration limits on sovereign and country exposures that are regularly reviewed and monitored. We also monitor the credit quality of portfolios and deploy scenario analysis to better understand our sensitivity to financial market volatility.

Recession

Risk of central banks applying strict monetary policies to battle current inflation via interest rates hikes, leading to lowering of inflation but higher funding costs and tighter lending conditions affecting, among others, mortgage demand and long-term OCG while increasing the likelihood of a recession (negative GDP growth, high unemployment).

Global supply chains have been under pressure by the Russia-Ukraine conflict and China-US trade restrictions. This has led to steep energy and commodity price rises in 2022, followed by broader price increases and wage inflation in 2023.

Central banks worldwide responded by increasing interest rates in 2022 and 2023 to combat inflation. It takes time for inflation to subside and interest rates may stay elevated, potentially resulting in households and companies struggling to cope with higher prices and borrowing costs. The depth of a recession ultimately depends on actual levels of interest rates, debt levels of companies and individuals, and the resilience of the wider economy.

The risk of volatility in the financial markets due to (geo)political instability, global economic developments and higher interest rates could have consequences for the valuation of our assets and liabilities, and lead to a more volatile Solvency II ratio. Although we observed significant volatility in the markets in 2023, the total market impact remained limited.

NN manages market risks within risk limits and other boundaries set within various policies and standards. This ensures our investments are well diversified and that exposure to risks for which NN Group has no or a limited appetite (e.g. interest rate, inflation and foreign exchange risks) remains low. We reduce interest rate risk by matching asset and liability cash flows where markets are deep and liquid. Additionally, we reduce downside risk through hedging programmes and our SAA is designed to optimise capital generation within acceptable risk levels.

Inflation risk

A combination of geopolitics, higher energy and commodity prices, and scarcity in some production factors is creating high inflation, leading to higher costs for households and businesses and anaemic economic growth. There is a rising inability among broad sections of populations to maintain their current lifestyle.

Trade and geopolitical tensions, impact from the Ukraine conflict and the cost of shifting to a greener economy are just some of the factors that may drive energy, commodity and materials costs up, affecting economic growth and leading to the highest inflation rates in decades. Although the inflation rate decreased in 2023 compared to 2022, due to falling fuel and food prices, price pressure is still significant and visible in the price of various products and services.

The impact of inflationary developments on our balance sheet and solvency position depends on the actual level of inflation itself, but also on how other market factors move, driven by, among other things, the response of central banks to rising inflation and the market expectations of investors. The risk of structural inflation can have a direct (through operating expenses and claims) or indirect (effect on interest rates, equities, real estate and sales) impact on NN Group's business plans and financial position.

NN Group manages this risk by having a small exposure to inflation-linked liabilities, managing our cost base and product premiums, hedging benefit inflation risk and interest rate risk, reducing allocation to equity and other risky asset classes, and selectively de- or re-risking the balance sheet.

Product suitability

Risk that products do not appropriately cover customers' interests over the full product lifetime.

Product suitability is essential to our relationship with customers and creating longer-term value for our stakeholders. Changes to the macroeconomic environment (such as high inflation, or changes in interest rates) can both positively and negatively impact value of a product to customers. Regulatory and supervisory attention for Product Oversight & Governance remains high, among others expressed in the 2022 EIOPA statement on Value for money for unit-linked products. Furthermore, regulations on cost levels for investment products may be expected, as highlighted in the draft EU Retail Investment Strategy. In the area of EU Sustainable Finance Regulations, requirements need to be adhered to, to properly inform customers on sustainability characteristics of investment products.

Throughout the company, the PARP and our product risk committees oversee product design and suitability, sound underwriting and claims management, and adequate pricing of all existing and new products. NN Group's Compliance Function monitors compliance with the Product Suitability Guidelines, while NN Group's Code of Conduct sets out the expected behaviour of NN employees and external business partners.

On 9 January 2024, Nationale-Nederlanden announced a final settlement with interest groups ConsumentenClaim, Woekerpolis.nl, Woekerpolisproces, Wakkerpolis and Consumentenbond regarding unit-linked products sold in the Netherlands by Nationale-Nederlanden, including Delta Lloyd and ABN AMRO Levensverzekering. The settlement relates to all unit-linked products of policyholders affiliated with the aforementioned interest groups and is subject to a 90% acceptance rate of affiliated policyholders that have received an individual proposal for compensation. As part of the settlement, all pending proceedings with respect to unit-linked products initiated by these interest groups against Nationale-Nederlanden will be discontinued once the settlement is executed, which is anticipated ultimately 30 June 2025. For more information refer to Note 43.

Sustainability and climate change risk management

Risk strategy

We provide an overview of our sustainability risk management approach, which is designed to identify, assess, control and monitor sustainability risks throughout our operations. It is structured in line with the risk management cycle: strategy, identification and assessment, control and mitigation, and monitoring.
By integrating sustainability risk management into our overall risk management framework, we are better equipped to identify and manage the risks and opportunities associated with sustainability issues.

Definitions

NN Group considers sustainability risks as risks related to environmental, social and governance (ESG) factors that can cause material negative impact to NN Group's long-term performance, reputation, value, balance sheet or operations. They are identified based on the double materiality concept: NN Group's positive or negative impact on people and the environment, and how these developments impact NN Group. ESG factors may contribute to existing and emerging strategic, financial and non-financial risks ('transmission channels'). ESG factors include:

- **Environmental factors:** climate change, other forms of environmental degradation (e.g. air pollution, water pollution, scarcity of fresh water, land contamination, biodiversity loss and deforestation) and animal welfare, in addition to corrective policy actions aimed at addressing such factors. Climate change is further divided into:
  - transitional effects resulting from the transition to a green economy, and
  - physical effects resulting from changes in weather patterns, temperature, hydrological conditions or natural ecosystems (both acute or longer-term shifts).
- **Social factors:** rights, well-being and interests of people and communities, including human rights, (in)equality, health, inclusiveness, diversity, employee rights and labour relations, workplace health and safety.
- **Governance factors:** pursuing or applying proper governance practices, among others including executive leadership, executive pay, audits, internal controls, responsible tax practices, board independence, shareholder rights, anti-corruption and anti-bribery, and also the way in which companies or entities include environmental and social factors in their policies and procedures.

Risk appetite framework

NN Group has defined and categorised its generic inherent risk landscape in a Risk Taxonomy. We consider sustainability risks to be transversal risks. This means that we consider sustainability risks to manifest through risk types recognised in the Risk Taxonomy, such as emerging risks, strategic risks, financial risks and non-financial risks. These ESG factors are seen as risk drivers, meaning that we believe these ESG factors may drive the risk levels of the various identified risk categories. To ensure sustainability risks are integrated within our risk management approach, NN Group has revised the general principles of the risk framework to systematically embed sustainability risk management in 2022. In 2023, NN Group further developed guidance on how to use its risk taxonomy and risk appetite framework from a sustainability perspective and has added a sustainability risk factors lens to the risk taxonomy, highlighting through examples, how a sustainability factor could influence a risk type.

Risk type	Sustainability perspective/ESG factors to consider when taking and managing specific risks
Emerging & Strategic risks	We promote sustainable business practices that prevent or minimise adverse impacts on the environment, people and economy, while also supporting long-term growth and profitability, and engage with our stakeholders (among other customers, intermediaries, policymakers, invested companies) to achieve that.
Business Conduct risks	We do not want to do business with or invest in companies that violate NN's corporate values or environmental or social standards.
Financial risks	• We seek to limit our exposure towards companies or industries that may have sustainability risks that can lead to significant financial impact to our investments, or those of our customers, or that have material adverse impact on environment or people. • We prioritise investments and financial products that promote sustainable practices in general and decarbonisation of portfolios and climate change resilient actions in particular. • We use active engagement approaches and consider exclusion as a last resort.
Product Suitability risks	We will: • advise financial products and services to customers that are in line with their sustainability preferences, • properly inform customers about products that might be sensitive to sustainability risks, and • provide clear substantiation about how sustainable a financial product is (avoid greenwashing).

Risk governance

To contribute to sound decision-making and to ensure NN Group and its business units operate within agreed risk appetites and comply with obligations, the second line functions provide second line opinion and engage in discussions with the first line in an effort to improve risk management (see the chapter Risk Governance on pages 107–110). The NN Group Governance Manual and Function Charters outline responsibilities of the second line functions. Read a more detailed explanation on how sustainability-related responsibilities have been assigned between business management, risk management and compliance management in the chapter Sustainability Governance on pages 104–106.

NN Group offers e-learning opportunities on sustainability risks, including on upcoming sustainability-related regulations such as the CSRD, to provide employees with wide access to knowledge and education on the subject. This approach contributes to sustainability risks being acknowledged as a responsibility of all employees and stakeholders and that they are better equipped to identify, assess and manage these risks across the business.

Risk policies

We regularly review policies, standards, technical documents and risk charters from a sustainability risk perspective. Where relevant, minimum requirements for considering ESG factors are detailed in our governance documents and reflect wording and definitions to conform with regulatory language and expectations. Most relevant documents are:

- The Responsible Investment Framework policy describes how material ESG factors should be considered in the investment decision-making process and active ownership practices and applies to both proprietary and, where possible and feasible, client assets. Where deemed necessary, we develop policies and guidance paper to support the integration and consideration of ESG factors across asset classes. These papers are a key component of our policy framework and reflect our stance on various topics related to responsible investing.
- The Product policy describes how ESG factors are to be incorporated as part of pricing and underwriting, to be assessed as part of the product approval and review process.
- The ORSA Standard and related guidance define how ESG factors are integrated into scenario analysis and stress testing, including climate risks.

Risk identification and assessment, including stress testing

Risk assessment – process

Sustainability risks can be climate-related, or related to other ESG developments. NN Group uses various proprietary and external tools to identify and evaluate sustainability factors and risks, among others, as part of the Strategic Risk Assessment (SRA), as well as through materiality assessment and stress testing as part of the ORSA.

The SRA, which is executed together with the double materiality assessment, is a more qualitative assessment into existing and emerging key risks that are potentially solvency-threatening or could have a significant negative impact on NN achieving one or more of its strategic or business objectives. The key risks are reported on quarterly in the ERM report that goes to the Management Board and Supervisory Board. Risk management considers not only risk but also the identification of opportunities derived from the actions and decisions taken to manage or mitigate a sustainability risk. For example, climate change risk also creates opportunities – be it in connection with financing a low-carbon and climate-resilient future, for example, by investing in renewable energy, energy efficiency in real estate, and electric vehicle infrastructure, or by providing insurance solutions to protect against physical climate impacts and to support low-carbon business models.

Climate change considerations are an integral part of our insurance and investment strategy which is informed by regular stress tests and additional climate-related scenario analysis. As part of the ORSA, NN entities are required to perform stress testing of their solvency position. For regular business purposes such as business planning and control, product development and capital planning we define time horizons as follows:

- Short: 1–3 years (business planning)
- Medium: 3–5 years (capital planning)
- Long-term: 5–10 years (scenario analysis)

For scenario analysis and identifying emerging risks and trends, for example climate change, the long-term horizon should be considered beyond 10 years, depending on the risk or trend analysed – this can be up to 50 years.

Deploying qualitative and quantitative scenario-based analyses helps us better understand the impact of physical and transitional risks, both during the business plan period and beyond. Where possible, the analyses consider relevant short-, medium- and long-term scenarios aligned with the Taskforce for Climate-related Financial Disclosure (TCFD) recommendations. We use the insights gained as further input for formulating our investment strategy and integrating climate change issues into our risk management practices.

Risk assessment – results

As part of our SRA, NN Group has identified two climate-related risks as key risks for the organisation. The assessment considers risks from climate change factors under emerging risks, where we closely monitor the development of the risk landscape supported by selective analyses on our portfolios. These risks are reported on quarterly in our ERM report and presented to senior management and the Board. NN manages these risks by using a variety of tools available to them.

1. Physical climate risk for liabilities: Changes in weather patterns, temperature, hydrological conditions or natural ecosystems, affecting the frequency or severity of natural disasters (such as flooding, heatwaves, droughts, windstorms), potentially impacting properties and businesses or increasing chronic diseases or casualties.

The physical effects of climate change are already being felt around the world. These changes are expected to continue and intensify in the coming years, affecting not only Europe but also other regions globally. As a result, our company faces the risk of increased liability due to climate-related events impacting for example our property insurance products, as well as potential excess mortality driving health and life insurance claims in the long term. Physical risk is greatest in the short term for our Dutch non-life business, with weather events caused by long-term climate changes and increases in natural catastrophes (e.g. the 2021 floods in Belgium, Germany and the Netherlands) impacting the margins of our Property & Casualty (P&C) insurance products. Although this risk mainly concerns the Netherlands, we also offer a range of relevant non-life products in Belgium, Spain and Poland.

Rising temperatures, leading to increased mortality and morbidity (e.g. from prolonged and multiple heatwaves), will impact our life and income insurance liabilities. Such long-term developments are difficult to quantify, but we currently expect them to have less impact on our life and income insurance liabilities than other risks, such as changes in demographics. And from an overall risk perspective, NN Group has a larger exposure to longevity risk, which is partly offset by mortality risk.

2. Transitional climate risk for assets: (In)direct financial losses to investments and/or lower investment returns resulting from the transition to a lower-carbon/ green economy, which may adversely affect individual businesses, sectors or the broader economy. In addition, there is the risk that governments, businesses and individuals fail to enforce, enact or invest in effective climate-change mitigation measures, such as decarbonising economic activity, and therefore are not able to meet the regulatory ESG ambitions.

NN Group recognises the importance of managing transition risks for assets in the face of climate change. Pricing and investment returns of financial assets may be influenced by factors such as public policy decisions (e.g. carbon tax and subsidies), technological developments (with companies profiting from or negatively impacted by the transition), changing consumer preferences (e.g. for greener products) and evolving interpretations of legal frameworks. Such trends and attendant risks are likely to materialise and expose insurers to potential risks through their investment portfolios over the medium term. That said, there are also specific short-term risks, such as the impact of sudden adjustments to market sentiment around climate risks.

In recent years, NN Group has executed several studies and scenarios related to climate-related risks by focusing on different parts of our balance sheet one at a time. Most of these were qualitative studies, or quantitatively into specific balance sheet items. The purpose of the work is to identify and assess the climate-related risks most relevant for NN and its subsidiaries and how they impact different balance sheet items. Various assessments were performed on individual balance sheet components at NN Bank, Netherlands Life & Pensions and Netherlands Non-life.

NN Group Risk began developing a Climate Risk Assessment (CRA) in 2022, that allows for a more holistic, structured approach to identifying and assessing potential balance sheet vulnerabilities to physical and transitional climate-related risks. In 2023, NN Group progressed in further completing the mapping of its portfolio to climate-related risks. In 2024, NN Group intends to further complete the mapping exercise by adding additional data granularity and moving from mapping to assessing balance sheet sections with a higher perceived vulnerability and assessing the vulnerability of the balance sheet against the transitional and physical (sub-)risks.

From 2022 to 2023, NN Group and its entities performed the following scenario analyses and stress testing:

- During 2023, NN Bank conducted additional analyses to assess the impacts of both physical climate risks and transition risks. Physical risks included river flooding, foundation damages and wildfires, while transition risks encompassed changes in policies, regulations and market sentiment.
- Top-down quantitative scenario analysis with the purpose of assessing the potential financial impact of transition risk under varying climate scenarios. The Current Policies and Delayed Transition scenario from the Network for Greening the Financial System are used. The potential financial impact on government bonds, corporate/financial bonds and loans and listed equity is projected for these scenarios with a time horizon up to mid-century.
- Sector-level quantitative stress test to assess the financial impact of a disorderly transition risk scenario on the Solvency ratio. The stress test is based on the DNB Energy Transition Risk Stress test (2018). Assets in scope of the analysis are corporate bonds & loans and listed equity.
- A qualitative and quantitative assessment using geographic data to assess physical (concentration) risks for NN Non-life residential property underwriting portfolios in the Netherlands, looking at river flooding events (including fluvial river flood and pluvial flood) using an external vendor tool.

Climate Risk Assessment Event

In October 2023, NN Group organised a Climate Risk Assessment Event. During this event representatives of NN Bank, NN Life & Pension, NN Non-life and the NN Investment Office presented locally performed climate risk assessment work. The event allowed for sustainability risk representatives from across the organisation to exchange views about the approach, methodology, tools, data gaps and next steps. Updates were given on the transitional risks of government bonds and on the physical risks of mortgages and residential property of the underwriting portfolio.

Risk control and monitoring

Sustainability risk management is integrated throughout our investment and underwriting processes. The below section lists a variety of tools used by the business to implement their sustainability risk management approach. Read more about NN Group's climate change-related investment and underwriting approach, strategy and governance, including the net-zero roadmap, in the chapter Creating a positive impact on society on pages 44–59 or the Climate Action Plan 2023 Update published on our website.

Managing climate risk in our investments

Stewardship (voting and engagement): NN considers engagement a valuable tool to manage sustainability risks. We have an active ownership programme, including a Controversy and Engagement Council to oversee and monitor the controversy engagements focusing on themes such as climate change & net-zero, biodiversity & natural capital, water, human rights and strong governance. For climate risk, we develop clear climate change stewardship expectations with milestones and targets. While we prefer engagement over divestment, we will consider divestment, when we see no potential to change a company's behaviour through engagement.

Sustainable investment targets: NN Group has set targets to address the risks we are all facing through climate change. For example, a target to increase investments in climate solutions with an additional EUR 6 billion by 2030. Read more on page 46.

Investment opportunities: NN regularly conducts research to identify investment opportunities that align with our ambition to support a transition to a low-carbon economy. Read more on page 45.

Investment restrictions: NN has environmentally focused exclusion criteria that support our risk management and strategy. We strengthened our screening criteria for new investments within our thermal coal phase-out policy. Additionally, we introduced a comprehensive oil and gas policy, under which we apply an exclusionary approach for unconventional oil and gas activities such as oil sands production and shale oil and gas. For conventional activities, we focus on engagement with existing investments in our portfolio and applying strict criteria for new investments.

Developing best practice: Sector initiatives assist us in developing methodologies and undertaking other activities that support us in realising our sustainability goals. NN Group actively contributes to industry bodies to define standards on responsible investments. NN also joined the European Commission's Climate Resilience Dialogue in 2023 as a member of the Platform for European Insurance and Financial Services (PEIF). The primary task of the Climate Resilience Dialogue is to exchange views on how to address the losses incurred from climate-related disasters and to identify how the insurance industry can contribute more to climate adaptation.

Managing climate risks in our underwriting

Target setting: NN Group is committed to transitioning our underwriting portfolios to net-zero greenhouse gas (GHG) emissions by 2050. Therefore, we have set intermediate targets for 2030: (i) decarbonisation for our underwriting portfolio, (ii) engagement in the value chain and (iii) insuring the transition.

Adjust product offering: We develop and offer a range of products that help customers adapt to and mitigate climate change, such as coverage against severe weather events and defined contribution life cycle pension products that promote sustainable lifestyles. We also adapted existing features in our insurance offerings to address the climate-related needs of our customers, such as providing cover for solar panels on residential and commercial insurance policies.

Support our customers: Within our P&C business, NN helps customers take precautionary measures to prevent and minimise claims caused by windstorms, extreme rainfall, hail or other weather-related events driven by climate change. We monitor our claims experience and reprice or adjust policy conditions where necessary. NN's P&C portfolio is predominantly renewable annually, allowing repricing of products over the short term; though we apply such measures cautiously, as longer-term affordability for our customers remains an important consideration. NN Group offers a broad range of non-life insurance protection options that cover against a wide variety of causes of damage and loss.

In line with EIOPA's objective to close existing protection gaps as much as possible, we have extended the coverage of our policies to include protection against a breach of secondary dikes. We also believe a joint approach from Dutch P&C insurers, reinsurers and environmental authorities is needed to provide additional protection against losses resulting from breaches of primary dikes. Netherlands Non-life encourages the pursuit of risk-mitigating market solutions, through both our membership of the Dutch Association of Insurers and our intensive involvement in climate change-related topics.

Modelling and scenario-analysis: Insights from catastrophe models guide our pricing/underwriting risk management process. For this we use external vendor models to estimate the impact and damage that would be caused by large natural catastrophes, such as windstorms and hail. Netherlands Non-life is developing and implementing a Climate Change Physical Risk Tool which will be used to assess the impact of climate change-related perils on the underwriting portfolio. In an ongoing process and where possible quantification of the preselected perils will be based on the Representative Concentration Pathways (RCPs) of the Intergovernmental Panel on Climate Change (IPCC) and various time horizons.

Catastrophe models are also part of the solvency and capital risk management process, with portfolio diversification and addressing tracking concentration also being key risk-mitigating steps.

Learnings from building the Climate Risk Assessment

The main objective of the assessment is to provide a high-level and qualitative indication of transition and physical climate-related risks associated with the most material assets and liabilities of NN Group's balance sheet. Climate-related risks are determined by considering the location of the balance sheet item and the industry sector the item is associated with. By considering the financial exposure NN Group has to each balance sheet item, we can identify areas of the balance sheet deserving priority attention.

Our climate risk approach is to:

1. Identify the major transitional and physical (sub-)risks for NN Group.
2. Perform qualitative materiality assessments of identified physical and transitional risks.
3. Prioritise the transitional and physical risks through heatmaps and rating systems.
4. Use the findings to investigate the availability of, and/or develop, appropriate vulnerability factors.
5. Adjust (local) stress scenarios to quantify the potential impact of climate change on the balance sheet in the medium and long term.

What we have done so far:

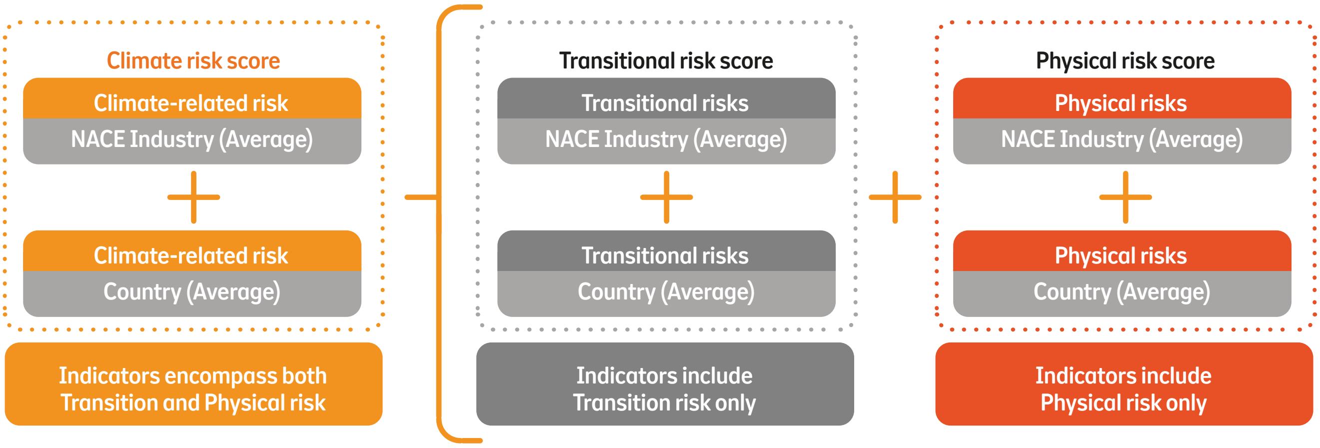
- Breakdown of balance sheet items: Asset breakdown was done by using EIOPA's Complementary Identification Code (CIC) Table. Liabilities breakdown considered sub-categories of life and non-life products. Based on these breakdowns, common characteristics were understood and three modules for the risk assessment were created: (1) country physical, (2) country transition, (3) NACE sector transition.
- A climate risk driver list: A comprehensive climate risk driver list has been compiled by reviewing expert sources against the existing internal taxonomy.
- Risk mapping: A risk mapping was performed based on the climate risk driver list and identified balance sheet items for the assessment. The process covered: 36 countries; 10 high-risk sectors; 30 physical and 25 transition (unique) risks; 100+ sources for references.
- We established a scoring system to come to a transition risk score and physical risk score per NACE code and country. Both transition risk score and physical risk score are determined considering the industry-specific and country specific characteristics of the balance sheet component.
- Prioritisation and transmission channels: Following the risk mapping process, a prioritisation was made based on exposure, availability of data, homogeneity and relevance. This has resulted in transmission channels for four balance sheet items (Life & Non-life products, government & corporate bonds).
- Initial progress reports have been presented to the Risk Management Committee and relevant internal stakeholders.

Challenges

The used approach to identifying country and sector physical and transitional sub-risks includes the consideration of multiple external sources and is a manual process. While we do not expect the ratings to change significantly on a year-to-year basis, we acknowledge the manual effort it takes to keep the risk rating up-to-date and are continuing to look for a more automated approach that is able to provide us with the needed granularity of insights.

The current stage of the assessment does not yet allow for the identification of climate risk exposures but should be considered as a mapping of inherent risk and trends only. The translation of inherent risk to impact on a product or asset class will vary, requiring product-specific risk conversion models. Best practice conversion models have not yet been established for many of the sub-risks, asset classes and product categories.

Entity climate risk



Reinsurance: External reinsurance will, under certain conditions, partially mitigate potential impacts. We have a group-wide catastrophe reinsurance programme to protect against the severity and frequency of large natural catastrophes. Reinsurance covers are placed with a diverse range of strongly capitalised external reinsurers and reduce the losses to NN from both large events and multiple smaller ones. Both the applicability of the external vendor models and the reinsurance structure and cover are reviewed annually.

Developing best practices: NN actively contributes to industry bodies to define standards on sustainable underwriting. NN is an active participant of the CRO Forum. NN Group has endorsed various initiatives, such as the International Corporate Social Responsibility covenant for the Dutch insurance sector and also signed the United Nations Principles for Sustainable Insurance.

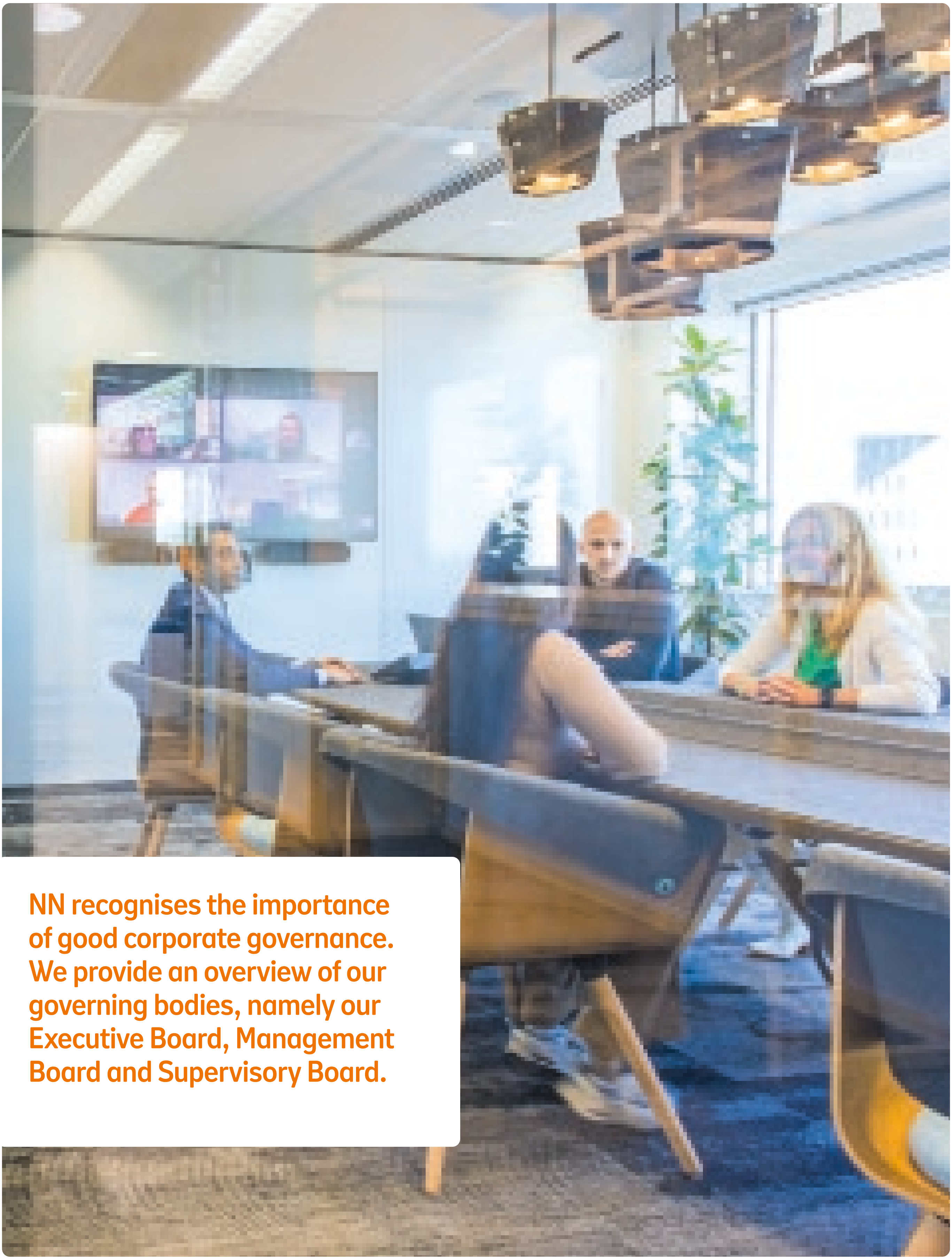
Managing other ESG-related risks

NN Group actively monitors the risk landscape. Where a sustainability risk gains importance, we take steps to better understand the nature of the risk and to assess whether our current risk management approach effectively addresses the risk.

Addressing nature-related risks: We recognise that addressing adverse impacts on the environment is not only about reducing our GHG emissions and becoming climate change resilient, but also about preserving and restoring our ecosystems, biodiversity and much more. As an insurer, we seek solutions that address nature-related risks. For example, as one of the leading marine insurers in the Netherlands, NN Group aims to limit negative impacts to the oceans' ecosystems, both from climate change and from pollution and overfishing. To underscore our intentions, NN Group signed the Marine Insurance Statement to fight pirate fishing. Furthermore, as a responsible investor, NN Group adopts biodiversity factors under the E in our ESG integration strategy. We apply active ownership practices to encourage investee companies to adopt more responsible environmental and social practices to enforce nature positive changes. In 2023, NN Group established a cross-functional Biodiversity Working Group to promote knowledge exchange on biodiversity and performed a nature-related impact assessment on our corporate investment portfolio.

Addressing human rights: As a financial services provider, we are at risk of causing, contributing and/or being linked to adverse human rights impacts. By carefully analysing our business activities, customers, partners and suppliers, we identify the areas with the most human rights risks. This means that within our activities we identify the most salient human rights issues, which refers to those issues with the most severe risks to people. We have conducted reviews to identify these issues and will continue to monitor this in an ongoing process. We consider global trends including data privacy and protection, and diversity & inclusion. In 2023, NN Group performed a Human Rights Salience assessment to determine how NN addresses human rights. The process included a review of relevant internal policies and a gap assessment with international standards and regulatory expectations. We will continue to enhance our human rights approach in 2024.

6 Corporate governance



NN recognises the importance of good corporate governance. We provide an overview of our governing bodies, namely our Executive Board, Management Board and Supervisory Board.

A conversation with our Supervisory Board chair

Supervisory Board chair David Cole reflects on NN's performance over the year, and on the global developments and opportunities seized in 2023.

In 2023 we saw ongoing economic and geopolitical turmoil. How did NN navigate these challenges?

Across the globe, 2023 was another year of challenging circumstances. From the war in Ukraine, to an escalating conflict in Gaza; all with devastating impact on people and their livelihoods. As an internationally operating business, this means we have to stay alert, monitor developments closely, and remain aware of our role, responsibilities and potential impact.

At the same time, our international footprint also helps to spread geopolitical and economic risks across the portfolio. The benefits of diversification in our business, both geographically and in terms of business lines, contribute to our resilience. Also, as a long-term asset holder, increasing interest rates over time can be positive, but we need to continuously manage our sensitivity.

How do you look back on NN's performance in 2023?

The company performed well both strategically and financially, as reflected in the strong results for 2023. Taking into account the uncertain macroeconomic environment over the past year, it is good to see the continued progress on the strategy focused on customers, employees and society.

The financial results were supported by rising interest rates and strong business performances across the segments of NN. Our Dutch Non-life and banking businesses performed strongly, while the Life business was effective in preparing for the Dutch pension reform whilst managing the existing business. In Europe, we saw continued growth momentum, and a lot of energy to innovate, strengthen distribution channels, and build stronger relationships with customers.

What really continues to stand out is our company's resilience and how NN employees again worked hard to serve customers and communities. This has led to good progress on our strategic objectives, as reflected in continued high levels of employee engagement and customer satisfaction. This is a great recipe for delivering sustainable long-term value creation. We have also been impressed by how the values of NN are strongly embedded in the culture and have helped build the company over the years.

What were the focus areas for the Supervisory Board?

Like in previous years, we have been focused on strategy execution, monitoring ongoing performance, and regulatory developments around topics like environmental, social and governance (ESG).

Firstly, we engaged extensively with the Management Board on the issue of unit-linked insurance products. During 2023, there were a number of developments that led to meaningful conversations with interest groups, which ultimately led to the settlement that was agreed at the start of 2024. NN Group has always cared for its customers, and this has been a matter that required careful consideration to ensure fair outcomes for all stakeholders. For us, it was about offering fair and far-reaching settlements that provide clarity for those involved. As a Supervisory Board, we are pleased that a solution has been reached, so that involved customers are taken care of, and this chapter can be closed.

Secondly, sustainability matters were a prominent topic throughout the year. The insurance industry has a significant role to play in addressing climate change and NN Group took a lot of important measures in 2023, for example, by refining our investment policies and by introducing new targets for our insurance underwriting and mortgage portfolios. Good progress has been made but as expectations will continue to rise, we need to continue to think critically about what we do and how we do it.

Thirdly, we focused on new regulatory requirements, such as IFRS17 and the upcoming Corporate Sustainability Reporting Directive (CSRD).
We monitored NN's ability to meet these new requirements, which require years of extensive preparations by departments across the organisation. The company was able to smoothly deliver and implement the IFRS17 reporting standard, and we also got well on our way in preparing for new reporting expectations in light of the CSRD as of 2024. As a Supervisory Board, we will continue to pay close attention to this going forward.

Across the world, rapid developments in generative artificial intelligence (AI) have attention. How is NN responding to this?

NN was quick to grasp opportunities in the area of technology and generative AI, for example by creating a secure ChatGPT environment and enhancing employees' digital capabilities. As a Supervisory Board, we showed a special interest in NN remaining future proof and AI is becoming an increasingly important driver in this. Technology has the potential to solve many challenges in the insurance industry and it could help improve operational efficiency and improve the customer experience. But of course, we also need to ensure it is used effectively and ethically.

Looking ahead, what are the priorities of the Supervisory Board?

We have been looking at the kinds of skills we need to fulfil our responsibilities as a Supervisory Board, taking into account developments we foresee in the future. With so many diverse topics coming to our table, we need to grasp opportunities to learn, stay up to date and ensure a well-balanced Supervisory Board to add the most value. Therefore we were pleased with the nomination of Koos Timmermans for appointment as member of the Supervisory Board for a term of four years. Koos has a strong background in the financial sector, making him well-qualified for this role.

Our priorities will continue to focus on strategy execution, monitoring performance, enhancing transparency, and fulfilling our role in society. Above all, we are here to help deliver sustainable long-term value for our stakeholders and will remain committed to this. We appreciated the feedback received during our ongoing dialogue with stakeholders. We take this seriously and will continue to seek their input, to understand what matters most to them.

On behalf of the Supervisory Board, we thank the Management Board and all employees at NN Group for their dedication and strong performance in 2023, and we look forward to supporting them in 2024.

Our Management Board

David Knibbe

Chief Executive Officer

Appointment

Appointed to the Executive Board and designated as Chief Executive Officer (CEO) of NN Group and as a result chair of the Executive Board and Management Board effective 1 October 2019 and was reappointed on 2 June 2023.

Role and experience

Mr Knibbe is responsible for the business strategy, performance and day-to-day operations of NN Group. Mr Knibbe has been a member of the Management Board since 7 July 2014, at which time he served as CEO Netherlands. Mr Knibbe's previous positions include CEO of ING Insurance Europe.

Mr Knibbe holds a Master's degree in monetary economics from the Erasmus University in Rotterdam (the Netherlands).

Mr Knibbe is member of the board and treasurer of the Confederation of Netherlands Industry and Employers (VNO-NCW), member of the Federative Board VNO-NCW and MKB NL, member of the board of the Johan Cruyff Foundation, member of the advisory board of JINC, member of the Hoogeschoolraad of Vereniging Trustfonds Erasmus University, member of the Geneva Association, member of the Pan European Insurance Forum, member of the World Economic Forum's Alliance of CEO Climate Leaders and Governors meeting Financial Sector, and a supervisory board member of Stichting Erasmus Trustfonds. On 15 February 2023, he became a societal member of the KHMW.

Annemiek van Melick

Chief Financial Officer

Appointment

Appointed member of the Management Board as of 1 June 2022. Appointed member of the Executive Board and designated as Chief Financial Officer (CFO) and as a result vice-chair of the Executive Board and Management Board effective 1 July 2022.

Role and experience

Ms Van Melick is responsible for NN Group's finance departments and investor relations. Ms Van Melick's previous positions include CFO at a.s.r.

Ms Van Melick holds a degree in business administration from Nyenrode Business Universiteit (the Netherlands) and a law degree from Utrecht University (the Netherlands).

Ms Van Melick is member of the supervisory board and chair of the audit committee at Royal Swinkels Family Brewers, and member of the CFO Forum.

Our Management Board continued

Tjeerd Bosklopper

Chief Executive Officer Netherlands Non-life, Banking & Technology

Appointment

Appointed CEO Netherlands Non-life, Banking & Technology and member of the Management Board as of 1 June 2020.

Role and experience

Mr Bosklopper is responsible for the Dutch Non-life and Banking business segments, Customer & Commerce, NN Ventures, IT and procurement globally.

Mr Bosklopper was CEO Netherlands ad interim from 17 December 2019 until 1 June 2020. Mr Bosklopper was appointed to the Management Board of NN Group as Chief Transformation Officer on 1 September 2018. Mr Bosklopper's previous positions include Head of Integration of Nationale-Nederlanden Netherlands and Belgium.

Mr Bosklopper holds a Master of Science in Business Information Technology from the University of Twente (the Netherlands).

Mr Bosklopper is chair of the board of the Dutch Association of Insurers (Verbond van Verzekeraars) and member of the Steering Committee of SchuldenlabNL.

Frank Eijsink

Chief Executive Officer International Insurance

Appointment

Appointed CEO International Insurance and member of the Management Board as of 1 September 2023.

Role and experience

Mr Eijsink is responsible for Insurance Europe, NN Group's European insurance businesses excluding the Netherlands. Mr Eijsink's previous positions include CEO of several NN Group International Insurance business units.

Mr Eijsink holds a Master of Science in Physics and a Master of Science in Business Engineering and Management Science from the University of Technology in Eindhoven (the Netherlands).

Bernhard Kaufmann

Chief Risk Officer

Appointment

Appointed Chief Risk Officer (CRO) and member of the Management Board as of 1 June 2020.

Role and experience

Mr Kaufmann is responsible for the overall risk framework with direct responsibility for the risk management departments. He is also responsible for the Actuarial function, and reinsurance. Mr Kaufmann's previous positions include Group CRO and CRO Reinsurance at Munich Re Group.

Mr Kaufmann holds a PhD (Dr. rer. Nat.) in theoretical physics from the Technical University of Munich (Germany), an intermediate diploma in economics from the University of Hagen (Germany), and a diploma in theoretical physics from the Technical University of Munich (Germany).

Mr Kaufmann is member of the CRO Forum and member of the supervisory committee of Alma Mundi Insurtech Fund.

Dailah Nihot

Chief People, Communications, and Sustainability Officer

Appointment

Appointed Chief Organisation & Corporate Relations and member of the Management Board as of 1 September 2018. To better reflect the portfolio managed by Ms Nihot, her title changed to Chief People, Communications, and Sustainability Officer with effect from 1 December 2022.

Role and experience

Ms Nihot is responsible for human resources, corporate communications, sustainability, and corporate citizenship, branding and sponsorship, public and government affairs, and facility management. Ms Nihot's previous positions include Managing Director of Corporate Relations for NN Group.

Ms Nihot holds a Master's degree in European Studies from the University of Amsterdam (the Netherlands) and an Executive Master in Corporate Communication from the RSM Erasmus University in Rotterdam (the Netherlands).

Ms Nihot is member of the supervisory board of WOMEN Inc.

Leon van Riet

Chief Executive Officer Netherlands Life & Pensions

Appointment

Appointed CEO Netherlands Life & Pensions and member of the Management Board as of 1 June 2020.

Role and experience

Mr Van Riet is responsible for the Life and Pension businesses in the Netherlands, as well as for Japan Life as of 1 September 2023. Mr Van Riet's previous positions include CEO of Nationale- Nederlanden Non-life in the Netherlands.

Mr Van Riet holds a degree in electrical engineering from Delft University of Technology (TU Delft, the Netherlands).

Mr Van Riet is chair of the sector life insurances of the Dutch Association of Insurers (Verbond van Verzekeraars) and member of the board of Stichting Dienstverlening VoV. Mr Van Riet is also member of the supervisory board of Dutch Terrorism Claims Reinsurance Company (Nederlandse Herverzekeringsmaatschappij voor terrorismeschaden).

Janet Stuijt

General Counsel

Appointment

Appointed to the Management Board as General Counsel as of 1 September 2018.

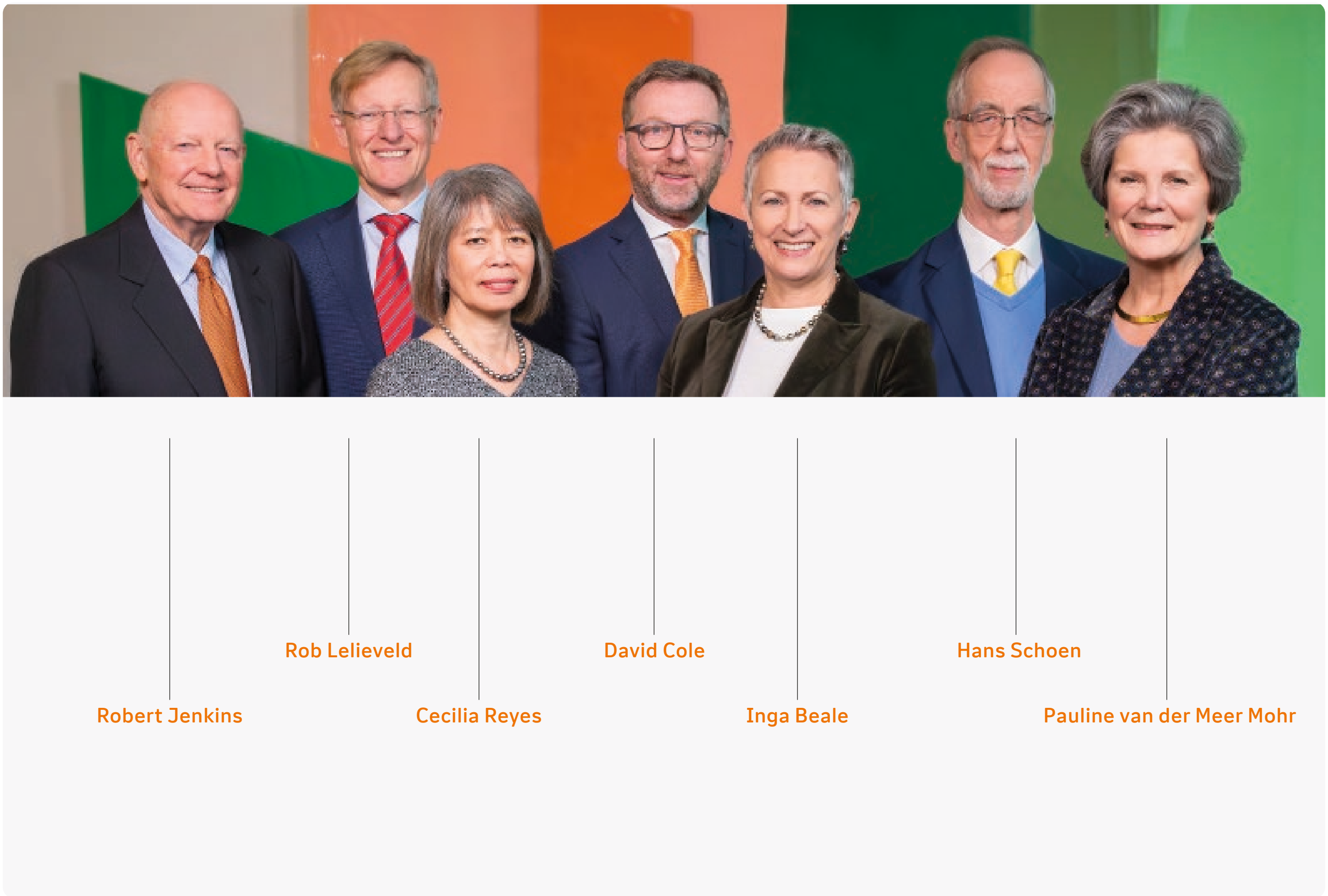
Role and experience

Ms Stuijt is responsible for NN Group's legal function, compliance function and Corporate Security & Investigations department and holds the position of Company Secretary. Ms Stuijt's previous positions include General Counsel & Head of Compliance of NN Group.

Ms Stuijt holds a Master's in Civil law, from the University of Leiden (the Netherlands).

Ms Stuijt is vice-chair of the supervisory board of Nederlandse Spoorwegen N.V., chair of its nomination & remuneration committee and member of its risk & audit committee and Ms Stuijt is also member of the advisory board of the Master's Law & Finance of the University of Amsterdam.

Our Supervisory Board



David Cole

Chair

Appointment

Appointed to the Supervisory Board on 31 May 2018, which appointment became effective on 1 January 2019. As of the close of the AGM on 29 May 2019, he serves as chair of the Supervisory Board. Mr Cole was reappointed on 19 May 2022.

Skills, competence and experience

Mr Cole's previous positions include CFO and CRO of Swiss Re Ltd.

Mr Cole holds a Bachelor of Business Administration degree from the University of Georgia (United States) and attended the International Business Programme at the Nyenrode University (the Netherlands).

Mr Cole is also a member of the board of directors of Vontobel Holding AG (Zürich), member of the European Financial Roundtable (EFR), chair of the supervisory board of IMC B.V. and member of the board of directors of COFRA Holding AG.

Pauline van der Meer Mohr

Vice-chair

Appointment

Appointed to the Supervisory Board on 19 May 2022, which appointment became effective 1 January 2023. As of the close of the AGM on 2 June 2023, Ms Van der Meer Mohr serves as vice-chair of the Supervisory Board.

Skills, competence and experience

Ms Van der Meer Mohr's previous positions include chair of the executive board of Erasmus University of Rotterdam and chair of the Dutch Corporate Governance Code Monitoring Committee.

Ms Van der Meer Mohr holds a Master's in Advanced Dispute Resolution, University of Amsterdam and Dutch Law, Erasmus University Rotterdam (the Netherlands).

Ms Van der Meer Mohr is also chair of the supervisory board of ASM International N.V. and member of the supervisory board of Koninklijke Ahold Delhaize N.V.

Inga Beale

Member

Appointment

Appointed to the Supervisory Board on 20 May 2021.

Skills, competence and experience

Ms Beale's previous positions include CEO of Lloyd's of London.

As a reinsurance underwriter, Ms Beale attained a degree equivalent insurance qualification as an Associate of the United Kingdom Chartered Insurance Institute and became Chartered in 2016. She is also a qualified Six Sigma Green Belt (2002), and completed the Manager Development Course (MDC) and higher-level Business Management Course (BMC) as part of the Executive Education programme at GE's Stamford-based University (United States).

Ms Beale is non-executive director of Crawford & Company Inc. and member of the board of Willis Towers Watson.

Our Supervisory Board continued

Robert Jenkins

Member

Appointment

Appointed to the Supervisory Board on 6 October 2015, which appointment became effective on 2 February 2016. Mr Jenkins was reappointed on 28 May 2020.

Skills, competence and experience

Mr Jenkins' previous positions include head of trading at various international Citibank offices, CEO of several asset management firms, and a policy-making role at the Bank of England. He has chaired the Investment Association UK, the AQR Asset Management Institute, and CFA Institute.

Mr Jenkins holds a Master's degree in International Studies with the focus on International Economics and European Area Studies from Johns Hopkins University (United States).

Mr Jenkins is currently Adjunct Professor, Finance at London Business School and a member of the Advisory Council to the Research and Policy Center of the CFA Institute.

Rob Lelieveld

Member

Appointment

Appointed to the Supervisory Board on 20 May 2021, which appointment became effective 1 September 2021. Mr Lelieveld was appointed pursuant to the enhanced recommendation right of the Central Works Council.

Skills, competence and experience

Mr Lelieveld's previous positions include chair of the managing board of EY Accountants in the Netherlands and member of the board of directors of EY in the Netherlands.

Mr Lelieveld holds a degree in accountancy but deregistered as a chartered accountant from the register of accountants held by the Koninklijke Nederlandse Beroepsorganisatie van Accountants (NBA) when he left EY in June 2021.

Mr Lelieveld is vice-chair of the supervisory board and chair of the audit committee of the Mauritshuis.

Cecilia Reyes

Member

Appointment

Appointed to the Supervisory Board as of 20 May 2021.

Skills, competence and experience

Ms Reyes' previous positions include group CIO and group CRO at Zurich Insurance Group Ltd. In both roles, Ms Reyes was member of the group executive committee until her retirement from the company in February 2018.

Ms Reyes holds a Bachelor of Science in Management Engineering from the Ateneo de Manila University (Philippines), an MBA in Finance from the University of Hawaii (United States), and a PhD in finance from London Business School (United Kingdom).

Ms Reyes serves as managing director of PIONEER Management Services GmbH, non-executive director and member of the audit, risk committee, remuneration committee and nominations committee of Beazley plc, and non-executive director of RiverStone International Holdings Limited.

Hans Schoen

Member

Appointment

Appointed to the Supervisory Board as of 7 July 2014. Mr Schoen was reappointed on 31 May 2018 and on 19 May 2022. He is considered appointed pursuant to the enhanced recommendation right of the Central Works Council as of 12 April 2020.

Skills, competence and experience

Mr Schoen's previous positions include partner at KPMG Accountants and chair of the EFRAG Insurance Accounting Working Group.

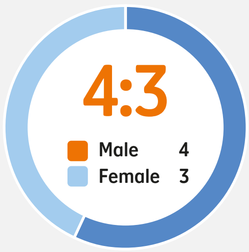
Mr Schoen holds a degree in economics and a postdoctoral degree in accountancy from the University of Amsterdam (the Netherlands). In September 2015, he received a PhD from the Vrije Universiteit (VU) Amsterdam (the Netherlands).

Report of the Supervisory Board

The Supervisory Board is responsible for supervising the management of the Executive Board and the general course of affairs of NN Group and its businesses. The Supervisory Board also advises the Executive Board. In carrying out its duties, the Supervisory Board carefully considers and acts in accordance with the interests of NN Group and its businesses, taking into consideration the interests of all stakeholders of NN Group.

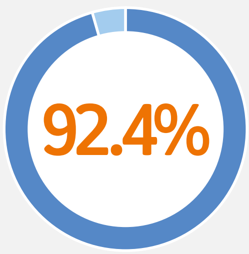
Supervisory Board facts and figures

11
Supervisory Board meetings held in 2023



Supervisory Board composition (after 2 June 2023)

3
Supervisory Board Committees



Overall attendance of Supervisory Board meetings

34 hours
In total, 34 hours spent on Permanent Education sessions arranged by NN Group. Permanent Education attendance rate: 82%

When considering all stakeholder interests, the Supervisory Board also takes into account the continuity of NN Group, NN Group's view on sustainable long-term value creation, the impact the actions of NN Group have on people and the environment, as well as applicable legislation, regulations and rules of conduct. Specifically, the Supervisory Board monitors and evaluates the management of the Executive Board and advises the Executive Board on matters such as (i) establishing and reaching NN Group's goals, (ii) sustainable long-term value creation by NN Group, and (iii) sustainability matters that are relevant to NN Group.

This Supervisory Board Report should be read in conjunction with the Corporate Governance section (pages 95–110) and the Remuneration Report (pages 111–124) of this Annual Report.

Profile of the Supervisory Board

The composition of the Supervisory Board is such that its members are able to act critically and independently from each other, the Executive Board, and any particular interests. The Supervisory Board works as a collegial body and the individual members' knowledge, experience and background are attributed to the Supervisory Board as a whole. In the composition of the Supervisory Board, there is a balanced representation in members' (a) nationality, nation of origin, race, ethnicity, languages spoken, belief system, gender, age, sexual orientation, neurodiversity and physical diversity, (b) affinity with the nature of the businesses and culture of NN Group, and (c) executive experience, experience in complex multinationals and the political and social environment they operate in. This ensures a broad range of relevant perspectives and opinions on NN Group, and the opportunities and challenges it faces today and will face in the future.

The Supervisory Board strives to ensure that all its members are independent, as defined in the Dutch Corporate Governance Code.

The Diversity and Skills matrix on page 94 provides an overview of the range of knowledge, experience, and backgrounds of the individual Supervisory Board members.

Supervisory Board meetings

The Supervisory Board met 11 times in 2023. One meeting was held in Athens as part of the Supervisory Board's visit to NN Group's business in Greece. The average attendance rate for Supervisory Board meetings was 92.4%, demonstrating members' commitment and ability to devote sufficient time and attention to the affairs of NN Group. None of the Supervisory Board members were frequently absent from meetings, and at all meetings attendance was sufficient to constitute a quorum. In addition to the formal meetings, the chair and other members of the Supervisory Board maintained regular contact with NN Group's CEO, CFO, the Management Board, senior management, heads of NN Group's support functions, and business unit CEOs. The Supervisory Board also met with the supervisory authorities, (representatives of) the Central Works Council and NN Group's external auditor, KPMG.

Discussion topics

The overarching topic on the Supervisory Board agenda in 2023 and in the dialogues between the Supervisory Board and the Executive Board and

Management Board was the geopolitical and microeconomic environment NN Group operates in. The year 2023 was marked by uncertainty and volatility. Geopolitical instability, such as the Russia-Ukraine war and increased tensions in the Middle East, contributed to more volatile financial markets, more persistent inflation, higher levels of interest rates, and the risk of recession, especially in Europe. The Supervisory Board monitored these developments closely and challenged and advised the Executive Board and Management Board on decisions with regard to sustainable long-term value creation for NN Group and its stakeholders.

In addition, sustainability matters were a prominent topic in the boardroom, as well as in knowledge sessions, also at the specific request of the Supervisory Board. Sustainability matters are sustainability opportunities and risks, and (positive and adverse) impacts related to environmental, social and governance (ESG) factors, including climate change, employee and human rights, anti-corruption and anti-bribery. They are identified based on the double materiality concept: our positive and negative impact on people and the environment, and how these matters impact our company. The Supervisory Board was informed of the double materiality approach as part of the implementation of the Corporate Sustainability Reporting Directive (CSRD) and invited to participate in NN Group's double materiality assessment. Moreover, environmental factors, such as climate change, were discussed within the Supervisory Board in relation to risk management, but also in relation to requested updates on NN Group's Paris alignment strategy and the Climate Action Plan, as an integral part of NN's Strategy.

With respect to sustainable long-term value creation, the Supervisory Board also took part in discussions around the well-being of staff. NN Group's corporate culture is an annually recurring topic on the Supervisory Board agenda and NN Group's Living our Values report of 2022 was extensively discussed within the Supervisory Board.

The Supervisory Board was also updated on developments around the progress and status of NN Group's Partial Internal Model (PIM) for the calculation of the Solvency Capital Requirement (SCR). The Supervisory Board discussed the main features, assumptions and limitations of the PIM, and the validation and internal audit processes undertaken to ensure its reliability and accuracy.

The Supervisory Board showed a special interest in NN remaining future-proof as the world is rapidly changing and artificial intelligence (AI) is becoming increasingly relevant. On request, the Supervisory Board was updated on topics including the use and possibilities of AI within the company, such as ChatGPT, which has already generated significant cost reductions and other benefits, and on IT simplification developments. This fits in NN Group becoming a digital and data-driven organisation, which was added to NN's strategic commitments in 2023. The Supervisory Board requested close involvement and was regularly updated on the plans and progress on this commitment.

Other important discussion topics for the Supervisory Board in 2023 included (i) business performance, (ii) annual accounts, dividend proposals and share buyback programmes, and (iii) unit-linked litigation and collective settlements in the Netherlands. Moreover, the Supervisory Board was updated on the first reporting under IFRS17 and new pension legislation throughout the year. The remaining wide variety of topics for 2023 were pre-discussed and prepared in one of the three Supervisory Board committees and were reported on in the Supervisory Board meetings by the respective committee chairs. These subjects are outlined in the committee paragraphs.

Business performance

Building on the NN Group Financial Plan 2023–2025 and Capital Plan 2023–2027, which were discussed and approved by the Supervisory Board in 2022, the Supervisory Board was updated on NN Group and business unit performance throughout the year. The Supervisory Board was closely involved in tracking delivery on the strategic and financial targets.

Particular focus topics were:

- Net promotor score – 2025 target: all business scoring above market average
- Employee engagement – 2025 target: at least 8.0
- Women in senior management positions – 2025 target: at least 40%
- Reduction of greenhouse gas emissions of corporate investment portfolio – 2025 target: -25%
- Reduction of greenhouse gas emissions of own business operations to net zero – 2025 target: -35%
- More than double the investments in climate solutions by 2030
- People supported on their financial, physical and/or mental well-being – 2025 target: more than 1 million
- Operating capital generation – 2025 target: EUR 1.8bn
- Progressive dividend per share
- Annual share buyback of at least EUR 250m
- Solvency II ratio within comfort zone of 150% – 200%
- Free cash flow of mid-single growth

The Supervisory Board showed appreciation for the comprehensive updates and the ongoing advancement.

Annual accounts, dividend and share buyback programmes

During 2023, the Supervisory Board discussed and approved the 2022 annual accounts, the 2022 proposed final dividend payment, the share buyback programme for an amount of EUR 250 million, and NN Group's 2023 interim dividend.

In these discussions, the Supervisory Board carefully examined NN Group's financial strength and liquidity situation, its risk appetite for Solvency II fluctuations, and the possible adverse scenarios from the ORSA analysis, aiming to ensure that NN Group maintains a cautious approach to its capital decisions.

The Supervisory Board discussed the 2023 annual accounts with the Executive Board. The 2023 annual accounts will be submitted for adoption by the annual general meeting (AGM) in May 2024. NN Group will propose paying a final dividend of EUR 2.08 per ordinary share, or approximately EUR 570 million in total, based on the number of outstanding shares on 29 February 2023 (2H2023 publication date). The proposed final dividend of EUR 2.08 per ordinary share brings the total 2023 dividend to EUR 3.20 per ordinary share, which is 15% higher than in 2022.

Unit-linked

The Supervisory Board was periodically updated on the pending collective proceedings against NN, most notably in relation to the judgment of the Court of Appeal in The Hague of 26 September 2023. A special Supervisory Board committee was established in anticipation of the judgment to discuss the judgment and its implications in detail. The special committee facilitated the Supervisory Board in challenging and advising the Executive Board and Management Board in their decisions in this regard. For a description of legal proceedings with respect to unit-linked products in the Netherlands, read more in Note 43.

Continuous learning

The Supervisory Board of NN Group is committed to continuous learning and development to ensure its members have the knowledge, skills and competencies required to fulfil their roles effectively. The Permanent Education Programme for the Supervisory Board covers a wide range of topics relevant to the business strategy, risks and opportunities of NN Group, as well as market trends and regulatory developments impacting the financial sector.

In 2023, the Supervisory Board participated in several permanent education sessions. The Supervisory Board received updates on, among others, NN Group's sustainability strategy, policies and performance, as well as the integration of ESG factors into the investment process and product development. The Supervisory Board also discussed the impact of climate change on NN Group's risk profile and resilience, and the opportunities to contribute to the transition to a low-carbon economy. For educational purposes, the Supervisory Board invited external experts on biodiversity and human rights to gain a deeper understanding of these issues, their business impact and implementation within NN.

Furthermore, the Supervisory Board learned about the applications and implications of AI for NN Group's business model, operations and customer experience. The Supervisory Board also explored the ethical and legal aspects of using AI, and the governance and oversight mechanisms in place to ensure responsible and transparent use of AI.

In addition to these topics, the Supervisory Board also received regular updates on NN Group's PIM, and the financial performance, risk management, internal audit, compliance, legal and regulatory affairs, and corporate governance of NN Group. The Supervisory Board members also attended external seminars and conferences on topics relevant to the financial sector and its supervision.

Complementary to the educational sessions, the Supervisory Board conducted two business unit visits in 2023, one to NN Life & Pensions in the Netherlands in January, and one to NN Hellas in Greece in September. The purpose of these visits was to gain a deeper understanding of the local markets, strategies, products, customers, distribution channels, competitors, risks and opportunities of the respective business units. The Supervisory Board met with the senior management and employees of the business units.

The Supervisory Board evaluates the effectiveness and relevance of the Permanent Education Programme on an annual basis and identifies areas for improvement and further development. The Supervisory Board also seeks feedback from the Executive Board and Management Board and other internal and external parties on the quality and suitability of the programme. The Supervisory Board is confident that the Permanent Education Programme in 2023 has enhanced its members' knowledge, skills and competencies, and has enabled them to perform their duties with due diligence and professionalism.

Additionally, NN Group has a thorough Induction Programme, as part of NN Group's onboarding process for Supervisory Board members. It consists of meetings with Executive Board, Management Board and Supervisory Board members, management teams of the Dutch business units, and other key staff, as well as sessions on the Solvency II framework, System of Governance, Economic Balance Sheet and Solvency Capital Requirements (including PIM).

Self-assessment

As is customary on an annual basis, the Supervisory Board evaluated its performance over the year 2023. It was agreed that the self-assessment focused on five main questions: (i) How can the Supervisory Board improve? (ii) Thinking about all relevant areas, where should the Supervisory Board increase focus for 2024 and 2025? (iii) What can the Supervisory Board do to help the management to be more effective? (iv) Are there any other matters worth mentioning? And, (v) is there any feedback for the chair of the Supervisory Board? In addition to the Supervisory Board, both the Executive Board and the Management Board provided input for the self-assessment. This approach ensured that relevant forward-looking priorities were identified.

In January 2024, the Supervisory Board had a robust dialogue on the outcomes of the 2023 self-assessment.

The outcome of the self-assessment was positive overall, with the Supervisory Board members expressing satisfaction with their cooperation and communication, which ensured sufficient alignment on key dilemmas.

The main strengths of the Supervisory Board were identified as: diversity of perspectives and backgrounds, constructive challenge and dialogue, trust and openness, and engagement and commitment.

The main areas of attention were identified as: more focus on strategy and NN Group's operating model, and continuous focus on sustainable long-term value creation, such as NN Group's people, and culture, and ESG-related topics in general. In addition the Supervisory Board expressed the desire to better use of time and agenda setting to being able to reach in-depth discussions with management.

Supervisory Board committees

On 1 January 2023, four committees supported the Supervisory Board: the Risk Committee, Audit Committee, Remuneration Committee and Nomination and Corporate Governance Committee. As of 2 June 2023, the Supervisory Board has decided to change the organisation of its committees by combining the Remuneration Committee and Nomination and Corporate Governance Committee into a single new committee, the Nomination, Remuneration and Governance Committee.

At the close of the 2023 AGM, Hélène Vletter-van Dort's term of appointment as Supervisory Board member, vice-chair of the Supervisory Board, member and chair of the Remuneration Committee and member of the Nomination and Corporate Governance Committee ended. As of the close of the 2023 AGM, Pauline van der Meer Mohr was appointed as vice-chair of the Supervisory Board and chair of the newly combined Nomination, Remuneration and Governance Committee. Rob Lelieveld succeeded Hans Schoen as chair of the Audit Committee. The graphic on page 94 shows the composition of the Supervisory Board Committees.

The Supervisory Board committees are responsible for preparing matters that are delegated to them. Each committee covers sustainability matters that fall within its responsibilities and area of expertise. The chair of each committee reports the main points of discussion and the resulting recommendations to the Supervisory Board, which enables the Supervisory Board to decide on these matters. For each committee, the key inputs and underlying considerations that lead to a recommendation are documented.

In 2023, the Risk Committee meetings were attended by NN Group's CEO, CFO, CRO, General Counsel (GC), General Manager of Corporate Audit Services (CAS), Head of Group Enterprise Risk Management, Chief Compliance Officer (CCO) and the external auditor.

The Audit Committee meetings were attended by NN Group's CEO, CFO, CRO, GC, Chief People, Communications, and Sustainability Officer (CPCSO) (if appropriate), General Manager of CAS, Head of Group Finance & Reporting, Head of Performance & Analytics, Head of Financial Accounting & Reporting, Chief Actuary and the external auditor.

The Nomination and Corporate Governance Committee meetings, Remuneration Committee meetings, and Nomination, Remuneration and Governance Committee meetings respectively were attended by NN Group's CPCSO and when appropriate the CEO, GC and the Head of Reward.

Subject-matter specialists also regularly attended the meetings of the committees when requested, and throughout the year, the chair of the committees stayed in regular contact with the respective members of the Executive Board and Management Board and the other staff to discuss various topics.

Risk Committee

The Risk Committee assists the Supervisory Board in performing its duties. To this end, it prepares items for discussion and decision-making by the Supervisory Board, and recommends actions in various areas, including (i) NN Group's key risks and risk appetite statements, risk strategy and policies, (ii) risk exposures resulting from the business strategies and plans of NN Group and its affiliated businesses, (iii) the design, operation and effectiveness of the risk management and internal control systems of NN Group (the Risk Control Framework), (iv) NN Group's public disclosures on risk and risk management, and (v) Material Transactions.

The Risk Committee works closely with the Audit Committee, not only in order to avoid omissions and duplication in activities but also to give insights into the risks in the reporting of financial and non-financial results. The chair of the Risk Committee is therefore also a member of the Audit Committee, and vice versa. In 2023, the Risk Committee and Audit Committee, in close consultation with the Management Board, agreed on certain process-related improvements to further increase the focus on key topics.

In 2023, the chair of the Risk Committee regularly liaised with the CRO, General Manager of CAS and CCO, and met with the external auditor and relevant subject-matter experts.

During the Risk Committee meetings, the Management Board provided regular updates on strategic, financial and non-financial risks, including legal and compliance risks. These updates encompassed a range of topics, including solvency, liquidity, credit and capital markets, sustainability, IT, data and AI, funding, sound business conduct including financial economic crime, product suitability, operational risks and employee conduct. The discussions in the Risk Committee were supported by analyses that evaluated the potential impact of these events on NN Group's credit investment portfolio, capital and liquidity position, and credit developments in specific countries and portfolios.

During the year, the Risk Committee discussed its regular annual agenda topics, including:
- The performance and appropriateness of NN Group's PIM
- The Enterprise Risk Management reports covering strategic, financial, and non-financial risks (including legal and compliance risks)
- The risk appetite statements which are foundational to the group's risk strategy
- NN Group's ORSA
- The update to the Preparatory Crisis Plan
- The NN Group Systematic Integrity Risk Assessment (NN Group SIRA)
- The quarterly reports on IT operations and security
- NN Group's Strategic Asset Allocation (SAA) and investment-related risks
- Annual operational work plans of Group Risk, Actuarial and Compliance functions

The quarterly Enterprise Risk Management reports provided updates, including measures taken and planned, on the current and forward-looking risks emanating from uncertainty in the operating environment. This uncertainty was driven by geopolitical instability (Russia-Ukraine war and increased tensions in the Middle-East), characterised by more volatile financial markets, more persistent inflation, higher levels of interest rates and risk of recession (especially in Europe).

Each year, an assessment of the performance and assessment of the PIM takes place in the first quarter. This covers all relevant information from the preceding calendar year, including all risk models that are part of NN Group's PIM used to calculate the Basic Solvency Capital Requirement (SCR). The Risk Committee extensively discussed the outcome of this assessment on multiple occasions, which for example also takes into account results from stress testing in the ORSA and includes the key priorities for the year going forward. The Risk Committee agreed with the main conclusion of the 2022 report on the PIM's performance that, given the assumptions used and understanding of their implications, the internal model is appropriate for its intended use.

The Risk Committee was pleased with the broad scope of the scenarios that were included in the 2022 ORSA. Given the climate change developments, the Risk Committee further reflected on the PIM and suggested that the Management Board further extend NN Group's scope as climate change scenarios are further developed, and to pay particular attention to the potential knock-on impact of climate change risks in medium- to longer-term analyses.

The Risk Committee also regularly discussed the major model changes submitted by the relevant business units as well as the approvals granted by the Dutch Central Bank (DNB) and terms and conditions attached to them. In 2023, NN Group submitted to DNB for approval major model changes to its PIM, for example, relating to market risk aggregation, non-market risk aggregation and group income business. All of these proposed model changes were approved by DNB and implemented in time for the 2023 year-end SCR calculation.

The Risk Committee further discussed the nature and use of expert judgments within the Risk Management function. The Risk Committee requested the Management Board to provide a further explanation on the nature and use of expert judgments within the Risk Management function in the knowledge session on the PIM in November 2023.

The Risk Committee monitored the developments in the IT landscape and cybersecurity and changes in NN Group's SAA and impacts on the market risk profile of the group.

Other topics with relevance to risk management that arose during the year were also discussed, such as improving the process and procedures for timely estimating and forecasting solvency ratios.

Audit Committee

The Audit Committee assists the Supervisory Board in the performance of its duties. To this end, the Audit Committee prepares items for discussion and decision-making by the Supervisory Board, and recommends actions in various areas, including (i) the design, operation and effectiveness of the internal risk management and control systems related to financial reporting, (ii) the integrity and quality of the financial reporting process, (iii) periodic financial reports and any ad-hoc financial information, (iv) the findings and outcomes of any audit work, by both the external auditor (KPMG) and CAS, NN Group's internal audit department (e.g. as contained in the quarterly and annual audit reports), including the findings and observations on the key audit matters identified by the external auditor, and (v) establishing a procedure for the selection and recommendation of the (re)appointment of the external auditor by the Supervisory Board.

The Audit Committee works closely with the Risk Committee, not only to avoid omissions and duplication in its activities but also to provide insights into the risks in the reporting of financial and non-financial results. The chair of the Audit Committee is therefore also a member of the Risk Committee, and vice versa. In 2023, the Risk Committee and Audit Committee, in close consultation with the Management Board, agreed on certain process-related improvements to further increase the focus on key topics.

During 2023, the chair of the Audit Committee regularly met with the CFO, General Manager of CAS, subject-matter experts and KPMG to discuss various topical issues.

In addition to the regular Audit Committee meetings, the Audit Committee also held closed sessions attended by the Audit Committee members, General Manager of CAS and KPMG.

The topics discussed and assessed during the Audit Committee meetings included:

- NN Group's quarterly performance reviews including financial results
- Financial reporting: NN Group's annual accounts; interim accounts; and financial press releases
- The independence of KPMG
- IFRS 9 and 17 implementation
- The 2023 Audit Plans of CAS and KPMG.
- Audit findings and observations as included in the quarterly internal and external reports of CAS and KPMG
- Kick-off of the rotation process towards appointment of a new external auditor for NN Group as of financial year 2026.
- ESG and preparation for the CSRD reporting
- IT and cybersecurity
- Accounting and other regulatory developments: Solvency II developments; IFRS and Solvency II reporting, including a second line review opinion on the Own Funds and the SCR; internal controls on financial reporting and changes in financial reporting processes and systems
- Tax-related topics: the current tax positions and (legislative) developments impacting the tax function such as Pillar II; NN Group's tax strategy; Tax Policy and Principles of Conduct; developments in the area of public tax reporting
- Various other topics, such as pending legal proceedings, (interim) dividend payment to shareholders and the share buyback programme, remuneration and evaluation of both KPMG and the General Manager of CAS, and specific financial transactions

The quarterly performance review reports provided updates on business performance and financial results, both at NN Group level and at the level of the various business segments. In addition, these reports further provided the Audit Committee with meaningful insights on, among other things, NN Group's OCG results and expectations, the status of the financial targets set, and expected financial outlooks and attention points going forward for NN Group and its business segments. Throughout the year, the Audit Committee closely monitored NN Group's performance and financial results in light of the major geopolitical developments and resulting impact on the macroeconomic environment, such as the sharp rise in inflation and significant financial market volatility.

The Audit Committee discussed the 2023 audit plan of CAS. The main drivers behind the CAS audit priorities for 2023 were (i) coverage requirements, (ii) strategic importance and key change initiatives, and (iii) ongoing key remediations. The Audit Committee discussed CAS's findings and observations resulting from the quarterly reports of CAS. These reports include findings and observations regarding governance, risk management and internal control, focusing on significant internal control weaknesses and areas for improvement noted in ongoing audit activities, and follow-up by responsible management on agreed actions and weaknesses. The Audit Committee discussed and monitored this follow-up throughout the year.

The reports categorise the findings and observations into five areas: (i) primary processes, (ii) IT, cyber and physical security, (iii) financial risk management and reporting, (iv) the development of outstanding risks and their mitigation, and (v) the key internal developments of CAS. CAS's findings are summarised annually in the CAS Annual Internal Control Report NN Group, which also includes forward-looking considerations.

The Audit Committee further discussed the 2023 KPMG audit plan including their assessment of the risk of error and fraud. KPMG's areas of focus in 2023 included (i) IFRS 9 and 17 transition, including IFRS 9 and 17 opening balance sheet, (ii) valuation of insurance liabilities, (iii) valuation of illiquid investments, (iv) unit-linked exposure, and (v) risk of management override of controls.

It was agreed that as of 2023, KPMG will report its findings and observations on NN Group's internal controls over financial reporting in each quarterly KPMG report, and as part of its year-end Audit Report and as a consequence KPMG will no longer issue a separate management letter at year-end.
The quarterly reported key findings and observations and those included in the year-end Audit Report were discussed in the Audit Committee. Examples of those topics are the quality and timeliness of the IFRS (interim) reporting, the assumption setting process, the valuation of the insurance liabilities and illiquid investments, the unit-linked litigation and observations about the continuity and reliability of IT.

IT and cybersecurity were extensively discussed each quarter in the Risk Committee. These meetings were attended by the General Manager of CAS and KPMG, as well as the chair and several other members of the Audit Committee. Subsequently, the chair of the Risk Committee reported any topics relevant for financial reporting, also on a quarterly basis, to the Audit Committee. To avoid duplication, the Audit Committee therefore focused on those elements of IT and cybersecurity that (may) impact financial reporting and the security, reliability, integrity and availability of data and assets across NN Group and its affiliated business. This included discussing the IT and security section of the quarterly reports of CAS, and the link between IT developments (in particular the IT simplification 2.0 programme and the IT Control Framework), the ongoing programmes in respect of the Finance & Risk Roadmap, and the status and implementation of the IFRS 9 and 17 Programme. In addition, the Audit Committee discussed the ESG and CSRD implementation in November 2023, which topic will going forward be discussed on a quarterly basis.

The Audit Committee acknowledges that 2023 marks an important milestone in terms of NN Group's transition to IFRS 9 and 17. Throughout the years, both CAS and KPMG were closely involved in their role as external auditor in the IFRS 9 and 17 implementation, each with their own areas of focus. The Audit Committee also closely monitored the IFRS 9 and 17 implementation, discussed the progress on a quarterly basis and provided their suggestions and feedback. Despite the challenges driven by the complexity of implementation and the impact on the overall data and systems landscape, the Audit Committee was pleased with the successful transition to IFRS 9 and 17.

Nomination, Remuneration and Governance Committee

In 2023, the Remuneration Committee and the Nomination and Corporate Governance Committee were combined into the Nomination, Remuneration and Governance Committee.[1] This committee assists the Supervisory Board in the performance of its duties in relation to a number of nomination, remuneration and governance topics, scheduled on annual basis or ad-hoc. It prepares items for discussion and decision-making by the Supervisory Board and recommends actions concerning these areas.

An annual nomination-related topic is the composition of the Executive Board, Management Board and Supervisory Board. NN strives for a balanced representation in nationality, nation of origin, race, ethnicity, languages spoken, belief system, gender, age, sexual orientation, neurodiversity and physical diversity, as is embedded in the Diversity and Inclusion Policy for the Executive Board, Management Board, Supervisory Board and senior management of NN Group (D&I Policy), in order to reach a diverse and inclusive composition of NN Group's boards and senior management. Therefore, succession planning is an important recurring topic on the Nomination, Remuneration and Governance Committee agenda. The committee prepared the reappointment of David Knibbe as member of the Executive Board for a term of four years, which term will end at the close of the 2027 AGM. The Nomination, Remuneration and Governance Committee also focuses on broader talent and succession planning. The Executive Board, Management Board and Supervisory Board profiles capture the elements of the D&I Policy and are discussed on an annual basis as well.

The rotation and succession plan for the Supervisory Board was especially paid attention to, since the terms of appointment of Robert Jenkins and Hans Schoen will end at the close of the 2024 AGM. The Nomination, Remuneration and Governance Committee prepared the nomination of Koos Timmermans for appointment as member of the Supervisory Board and the nomination of Robert Jenkins for reappointment as member of the Supervisory Board.

An important remuneration-related topic was the review and evaluation of the remuneration policies of NN Group. The Executive Board and Supervisory Board remuneration policies are due for adoption by the shareholders at the AGM in 2024 and were therefore thoroughly reviewed in 2023. Throughout the year, the Nomination, Remuneration and Governance Committee engaged with stakeholders to obtain feedback about the remuneration policies and practices. Another important remuneration topic on the committee agenda related to the update of the performance objectives and conducting the performance assessment of the Executive Board and Management Board. Individual meetings between Supervisory Board members and Executive Board and Management Board members formed part of these assessments. The 2023 performance objectives of the Executive Board and the Management Board were reviewed by the committee and it was ensured that these were still aligned with NN Group's overall ambition and five strategic commitments. In this regard, particular attention was paid by the Nomination, Remuneration and Governance Committee to the ESG objective setting of the Executive Board.

The committee reviewed and endorsed the updated NN Group Remuneration Framework. A risk assessment was carried out on the NN Group Remuneration Framework and related processes, focusing on the processes designed to avoid excessive risk taking by staff of NN Group. The Nomination, Remuneration and Governance Committee reports that no risks with a critical or high managed risk level were found. Also, the committee reviewed and recommended to adjust the peer group validation and remuneration benchmark for the Supervisory Board, Executive Board and Management Board, which was confirmed based on an analysis done by an external agency. Remuneration matters for identified staff and high earners were reviewed and approved in line with the NN Group Remuneration Framework and governance, including the 2023 Identified Staff selection. The committee also reviewed and endorsed the remuneration proposals for the Executive Board and Management Board, and the proposal to the AGM of NN Group to amend the level of the fixed annual fee for the Supervisory Board members. Lastly, an extensively discussed topic was the equal pay analysis. The Nomination, Remuneration and Governance Committee gave its full support in relation to ensuring fair and equal pay levels throughout the organisation.

Please refer to pages 115–124 of this Annual Report for more information on the remuneration of Executive Board members and Supervisory Board members.

Finally, the Nomination, Remuneration and Governance Committee discussed a number of governance topics. It endorsed the updated selection and (re)appointment processes for the Executive Board, Management Board and Supervisory Board members. And, as is required on an annual basis, the committee reviewed the amended charters of the Executive Board, Management Board, Supervisory Board and Supervisory Board Committees, which were brought in line with the updated Dutch Corporate Governance Code provisions and other regulations. And, in February 2024, the Nomination, Remuneration and Governance Committee reviewed and discussed NN Group's application of and compliance with the updated Dutch Corporate Governance Code for the financial

1 References to the Nomination, Remuneration and Governance Committee also refer to the Nomination and Corporate Governance Committee and the Remuneration Committee where applicable.

year 2023. The committee was further consulted in relation to the annual review of NN Group's Decision Structure.

The Nomination, Remuneration and Governance Committee discussed the review carried out by NN Group Compliance on the various outside positions (other than NN Group-related positions) held by Supervisory Board and Executive Board members. This review concluded that all board members are compliant with the relevant rules and obligations, and that all Supervisory Board members have shown flexibility and commitment in fulfilling their obligations, both in terms of attendance and engagement.

Closing

Despite the uncertainty and turbulence in the economy and politics, NN Group demonstrated its strength and delivered value to its stakeholders in 2023.
The Supervisory Board is grateful to the Executive Board, Management Board, all employees and its businesses for their unwavering commitment and hard work in overcoming these difficulties, while keeping an eye on sustainable long-term value creation. Along with the Executive Board and Management Board, the Supervisory Board is eager to continue building on NN Group's solid foundations and achieve our goal of being an industry leader, known for our customer engagement, talented people, and contribution to society.

The attendance rate of the individual Supervisory Board members was as follows:

None of the Supervisory Board members were frequently absent from meetings, and at all meetings attendance was sufficient to constitute a quorum. After the close of the annual general meeting (AGM) on 2 June 2023:

- Hélène Vletter-van Dort's term of appointment as Supervisory Board member ended.
- The Remuneration Committee and Nomination and Corporate Governance Committee merged into the Nomination, Remuneration and Governance Committee (previously called Combined RemCo/NomGovCo).
- Hans Schoen stepped down from the Risk Committee and Pauline van der Meer Mohr joined the Risk Committee.

	Inga Beale	David Cole	Robert Jenkins	Rob Lelieveld	Pauline van der Meer Mohr	Cecilia Reyes	Hans Schoen	Hélène Vletter-van Dort	Overall attendance average
Supervisory Board	10/11	11/11	9/11	10/11	9/11	11/11	11/11	4/4	92.4%
Audit Committee	–	6/6	5/6	6/6	–	6/6	6/6	–	96.7%
Risk Committee	5/5	–	5/5	5/5	2/2	5/5	3/3	–	100%
Remuneration Committee	–	–	–	3/3	2/3	3/3	3/3	3/3	93.3%
Nomination and Corporate Governance Committee	2/2	2/2	–	–	2/2	–	–	2/2	100%
Combined RemCo/ NomGovCo	1/1	1/1	–	1/1	1/1	1/1	1/1	1/1	100%
Nomination, Remuneration and Governance Committee	2/2	2/2	–	2/2	2/2	–	2/2	–	100%

Diversity and Skills matrix	Inga Beale	David Cole	Robert Jenkins	Rob Lelieveld	Pauline van der Meer Mohr	Cecilia Reyes	Hans Schoen
Year of birth	1963	1961	1951	1962	1960	1959	1954
Gender: Male (M) or Female (F)	F	M	M	M	F	F	M
Nationality	British	American, Dutch	American	Dutch	Dutch	Filipino, Swiss	Dutch
Management of complex multinational enterprises	●	●	●	◍	●	●	◍
International economic, regulatory and public policy issues	●	●	●	●	●	◍	●
Labour relations, human resources and management development	●	●	◍	●	●	◍	◍
Insurance	●	●	◍	●	◍	●	●
Asset management	◍	●	●	◍	◍	●	◍
Retail banking	○	●	◍	◍	◍	◍	◍
Audit, finance and control[1]	◍	●	●	●	◍	◍	●
Risk management	●	●	●	◍	●	●	◍
Legal affairs and corporate governance	◍	●	◍	◍	●	◍	◍
Corporate integrity	●	●	◍	◍	●	◍	◍
Information technology and transformation	◍	◍	◍	◍	◍	◍	◍
Marketing, in particular in the area of financial products and services	○	◍	◍	◍	◍	◍	○
Sustainability matters	◍	●	●	◍	●	◍	◍

1 Financial expert as defined in article 39 (1) of Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts.

● Considered an expert given previous and/or current roles (other than non-executive roles)
◍ Sufficient experience and knowledge to be able to take an informed decision
○ Insufficient knowledge

All members of the Supervisory Board are independent, as defined in the Dutch Corporate Governance Code.

Corporate governance

General

NN Group N.V. (NN Group) is a public limited company (naamloze vennootschap) incorporated under the laws of the Netherlands and has a two-tier board structure consisting of an executive board (Executive Board) and a supervisory board (Supervisory Board). NN Group also has a management board (Management Board). NN Group mandatorily applies the full large company regime.

Executive Board

Duties

The Executive Board is entrusted with the management, the strategy, operations and risk management of NN Group under supervision of the Supervisory Board. In performing its duties, the Executive Board must carefully consider and act in accordance with the interests of NN Group and the business connected with it, taking into consideration the interests of all stakeholders of NN Group. When considering these interests, the Executive Board shall also take into account the continuity of NN Group, NN Group's view on sustainable long-term value creation, the impact the actions of NN Group have on people and the environment, as well as applicable legislation, regulations and rules of conduct.

The organisation, duties and working methods of the Executive Board are detailed in the charter of the Executive Board. This charter is available on the NN Group website.

The Executive Board is responsible for ensuring that the company has adequate internal risk management and control systems in place so that it is aware, in good time, of any material risks the company has and that these risks can be managed properly. As part of its overall responsibilities for risk management, the Executive Board is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the annual accounts in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the annual accounts in accordance with generally accepted accounting principles (International Financial Reporting Standards as endorsed by the European Union and Part 9 of Book 2 of the Dutch Civil Code)
- Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the annual accounts

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Certain resolutions of the Executive Board require the approval of the Supervisory Board and/or general meeting of shareholders of NN Group (General Meeting). These resolutions are outlined in the articles of association of NN Group (Articles of Association), which are available on the NN Group website, and in the charter of the Executive Board.

Appointment, removal and suspension

Under the full large company regime, the members of the Executive Board are appointed individually by the Supervisory Board.

Prior to appointing a member of the Executive Board, the Supervisory Board must notify the General Meeting of such an intended appointment. An Executive Board member is appointed for a maximum of four years and may be reappointed for a term of not more than four years at a time.

Only the Supervisory Board may suspend or remove a member of the Executive Board. However, the Supervisory Board is only entitled to remove a member of the Executive Board after the General Meeting has been consulted on the intended removal.

As at 31 December 2023, the Executive Board consisted of the following persons:

Name	Position	Date of birth	Gender	Nationality	Appointment	Termination/ reappointment	Tenure
David Knibbe	Chair, Chief Executive Officer (CEO)	15 March 1971	Male	Dutch	1 October 2019, reappointment 2 June 2023	2027[1]	4 years
Annemiek van Melick	Vice-chair, Chief Financial Officer (CFO)	31 March 1976	Female	Dutch	1 July 2022[2]	2026[3]	1 year

1 David Knibbe's term of appointment will end at the close of the annual general meeting (AGM) in 2027.
2 Annemiek van Melick joined NN Group as of 1 June 2022 as member of the Management Board.
3 Annemiek van Melick's term of appointment will end at the close of the AGM of NN Group in 2026.

Composition
The Executive Board must consist of two or more members, with the total number of members of the Executive Board determined by the Supervisory Board after consultation with the Executive Board. Guiding principles for the appointment of members and the composition of the Executive Board are provided in the profile of the Executive Board and Management Board, and in the D&I Policy. The profile and the D&I Policy are available on the NN Group website.

Information on the composition and the members of the Executive Board can be found on page 82.

Remuneration
Information on the remuneration policy for members of the Executive Board and on their individual remuneration can be found in the Remuneration Report, on pages 115-123.

Management Board
Role and duties
The Management Board is entrusted with the day-to-day management and the overall strategic direction of NN Group. In performing its duties, the Management Board must carefully consider and act in accordance with the interests of NN Group and the business connected with it, taking into consideration the interests of all stakeholders of NN Group. When considering these interests, the Management Board shall also take into account the continuity of NN Group, NN Group's view on sustainable long-term value creation, the impact the actions of NN Group have on people and the environment, as well as applicable legislation, regulations and rules of conduct. Notwithstanding the foregoing, the rights and obligations of the Executive Board under Dutch law, the Articles of Association and the Charter of the Executive Board remain in full force and effect. Each of the members of the Management Board is responsible and accountable to the Executive Board and within the Management Board for the specific tasks as assigned. Being comprised of the Executive Board members as well as key leaders with a divisional or functional responsibility, the Management Board allows for integral and holistic decision-making at the highest level of NN Group with functions, the businesses and Executive Board members represented. Besides providing balanced, effective and timely decision-making, NN Group having a Management Board also provides for flexibility in terms of composition, allocation of tasks and responsibilities and required knowledge. In supervising the functioning of NN Group's corporate governance structure, including its checks and balances, the Supervisory Board pays specific attention to the dynamics and relationship between the Executive Board and the Management Board as well as the way the Management Board operates.

The Supervisory Board will be provided with all the information necessary for the proper performance of this duty. In principle, members of the Management Board are present at meetings with the Supervisory Board where topics are discussed that relate to their area of responsibility. Next to that, the Supervisory Board regularly meets with the full Management Board. The organisation, role, duties and working methods of the Management Board are detailed in the charter of the Management Board, which is available on the NN Group website.

Composition, appointment and removal
The Management Board consists of the members of the Executive Board and other such members as appointed individually by the Executive Board after consultation with the Supervisory Board. The number of members of the Management Board is determined by the Executive Board. Guiding principles for the appointment of members and the composition of the Management Board are provided in the profile of the Executive Board and Management Board, and in the Diversity and Inclusion Policy. The profile and the Diversity and Inclusion Policy are available on the NN Group website.

The members of the Management Board may be suspended and removed by the Executive Board after consultation with the Supervisory Board.

Information on the composition and the members of the Management Board can be found on pages 82–83.

As at 31 December 2023, the Management Board consisted of the following persons*:

Name	Position	Date of birth	Gender	Nationality	Appointment	Tenure
David Knibbe	Chair, Chief Executive Officer (CEO) (as of 1 October 2019)	15 March 1971	Male	Dutch	7 July 2014	9 years
Annemiek van Melick	Vice-chair, Chief Financial Officer (CFO) (as of 1 July 2022)	31 March 1976	Female	Dutch	1 June 2022	1 year
Tjeerd Bosklopper	CEO Netherlands Non-life, Banking & Technology (as of 1 June 2020)	3 March 1975	Male	Dutch	1 September 2018	5 years
Frank Eijsink	CEO International Insurance	17 March 1973	Male	Dutch	1 September 2023	<1 year
Bernhard Kaufmann	Chief Risk Officer (CRO)	19 April 1969	Male	German	1 June 2020	3 years
Dailah Nihot	Chief People, Communications, and Sustainability Officer	12 June 1973	Female	Dutch	1 September 2018	5 years
Leon van Riet	CEO Netherlands Life & Pensions	2 September 1964	Male	Dutch	1 June 2020	3 years
Janet Stuijt	General Counsel	26 September 1969	Female	Dutch	1 September 2018	5 years

* Mr Rupprecht stepped down as member of the Management Board and CEO International Insurance as of 30 June 2023.

Fabian Rupprecht was appointed as CEO International Insurance and member of the Management Board of NN Group as of 1 September 2018 and stepped down as of 30 June 2023. Mr Rupprecht was responsible for NN Group's insurance businesses outside the Netherlands: Insurance Europe, Japan Life and Japan Closed Block VA businesses. Mr Rupprecht's previous positions include CEO Middle East & Africa, and Regional CFO and member of the regional executive committee at AXA Emerging Markets (CEE, MEA, LATAM).

Mr Rupprecht holds a Diploma in Business Administration, with majors in finance and controlling, from the WHU Otto Beisheim School of Management (Koblenz, Germany).

Supervisory Board

Duties

The Supervisory Board is responsible for supervising the management of the Executive Board and the general course of affairs of NN Group and its businesses. The Supervisory Board may, on its own initiative, provide the Executive Board with advice and may request any information from the Executive Board that it deems appropriate. In performing its duties, the Supervisory Board must carefully consider and act in accordance with the interests of NN Group and the business connected with it, taking into consideration the interests of all stakeholders of NN Group. When considering these interests, the Supervisory Board shall also take into account the continuity of NN Group, NN Group's view on sustainable long-term value creation, the impact the actions of NN Group have on people and the environment, as well as applicable legislation, regulations and rules of conduct.

The organisation, duties and working methods of the Supervisory Board are detailed in the charter of the Supervisory Board. The charter is available on the NN Group website.

Appointment, removal and suspension

The members of the Supervisory Board are appointed individually by the General Meeting upon nomination of the Supervisory Board. The General Meeting and the Central Works Council may recommend candidates for nomination to the Supervisory Board.

The Supervisory Board must simultaneously inform the General Meeting and the Central Works Council of the nomination. The nomination must state the reasons on which it is based. The Supervisory Board is required to nominate one-third of the Supervisory Board members on the enhanced recommendation (versterkt aanbevelingsrecht) of the Central Works Council, unless the Supervisory Board objects to the recommendation on the grounds that the recommended candidate is not suitable to fulfil the duties of a member of the Supervisory Board or that the Supervisory Board will not be properly composed if the nominated candidate is appointed.

The General Meeting may reject the nomination of a Supervisory Board member by an absolute majority of the votes cast by shareholders representing at least one-third of NN Group's issued share capital.

If the General Meeting resolves to reject the nomination by an absolute majority of the votes cast, but this majority does not represent at least one-third of NN Group's issued share capital, a new meeting can be convened in which the nomination can be rejected by an absolute majority of the votes cast, irrespective of the part of NN Group's issued share capital represented. If the General Meeting resolves to reject the recommendation, the Supervisory Board will then prepare a new nomination. If the General Meeting does not appoint the person nominated by the Supervisory Board and does not resolve to reject the nomination, the Supervisory Board will appoint the person nominated.

A member of the Supervisory Board is appointed for a maximum period of four years. A Supervisory Board member can be reappointed once for a term of four years. A Supervisory Board member can subsequently be reappointed again for a period of two years, which appointment can be extended by at most two years. In the event of a reappointment after an eight-year period, such reappointment shall be adequately motivated in the Supervisory Board Report. The members of the Supervisory Board retire periodically in accordance with a rotation schedule drawn up by the Supervisory Board.

The rotation schedule is available on the NN Group website.

The Supervisory Board may suspend a member of the Supervisory Board. The suspension will lapse by law if NN Group has not submitted a petition to remove the suspended member of the Supervisory Board to the Enterprise Chamber of the Amsterdam Court of Appeal (Ondernemingskamer van het Gerechtshof te Amsterdam) within one month after commencement of the suspension.

The General Meeting can, by an absolute majority of votes cast, representing at least one-third of the issued share capital, resolve to abandon its trust (het vertrouwen opzeggen) in the entire Supervisory Board.

A resolution to remove the Supervisory Board for lack of confidence cannot be adopted until the Executive Board has notified the Central Works Council of the proposal for the resolution and the reasons therefore.

If the General Meeting removes the Supervisory Board members for lack of confidence, the Executive Board must request the Enterprise Chamber of the Amsterdam Court of Appeal to temporarily appoint one or more Supervisory Board members.

Composition

The Supervisory Board must consist of three or more members, with the total number of members of the Supervisory Board determined by the Supervisory Board. As at 31 December 2023, the Supervisory Board consisted of seven members, who are all independent within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code, and there were no vacancies.

The profile of the Supervisory Board is available on the NN Group website.

Information on the composition and the members of the Supervisory Board can be found on pages 84–85 and in the Report of the Supervisory Board, on page 94.

As at 31 December 2023, the Supervisory Board consisted of the following persons*:

Name	Position	Date of birth	Gender	Nationality	Appointment	Termination/ reappointment	Tenure**
David Cole	Chair (as of the close of the AGM on 29 May 2019)	2 October 1961	Male	Dutch and American	1 January 2019, reappointment 19 May 2022	2026	5 years
Pauline van der Meer Mohr	Vice-chair (as of the close of the AGM on 2 June 2023)	22 February 1960	Female	Dutch	1 January 2023	2026	1 year
Inga Beale	Member	15 May 1963	Female	British	20 May 2021	2025	2 years
Robert Jenkins	Member	17 January 1951	Male	American	2 February 2016, reappointment 28 May 2020	2024[1]	8 years
Rob Lelieveld	Member (recommended by Central Works Council)	29 September 1962	Male	Dutch	1 September 2021	2025	2 years
Cecilia Reyes	Member	3 February 1959	Female	Filipino and Swiss	20 May 2021	2025	2 years
Hans Schoen	Member (recommended by Central Works Council)	2 August 1954	Male	Dutch	7 July 2014, reappointments 31 May 2018 & 19 May 2022	2024[2]	9 years

* Ms Vletter–van Dort's term of appointment as Supervisory Board member and vice-chair ended at the close of the AGM on 2 June 2023.
* On 29 February 2024 it was announced that the Supervisory Board has decided to nominate Koos Timmermans for appointment as member of the Supervisory Board for a term of four years. The proposal will be submitted for adoption at the AGM to be held on 24 May 2024.
** The tenure up to the date of publication of this Annual Report.

1 As announced on 21 March 2024, the Supervisory Board has decided to nominate Robert Jenkins for reappointment for a term of two years. The proposal will be submitted for adoption at the AGM to be held on 24 May 2024.

2 The current term of appointment of Hans Schoen will end as of the close of the 2024 AGM.

Hélène Vletter-van Dort was appointed to the Supervisory Board on 6 October 2015 pursuant to the enhanced recommendation right of the Central Works Council. She was reappointed on 29 May 2019. As of the close of the AGM on 28 May 2020, Ms Vletter-van Dort served as vice-chair of the Supervisory Board.

Ms Vletter-van Dort's term of appointment ended at the close of the AGM on 2 June 2023.

Ms Vletter-van Dort holds a Master's in Corporate and Commercial Law from the University of Leiden and a PhD from the Utrecht University, Title 'Equal treatment of shareholders when distributing price sensitive information'.

Ms Vletter-van Dort's positions included professor of financial law & governance at the Erasmus School of Law, member of the supervisory board of the Netherlands Public Broadcasting (NPO), partner of De Bestuurskamer, supervisory board member of Anthos Fund & Asset Management B.V., and member of the Board of Stichting Nyenrode. Furthermore, she holds a position with the Ivo centre for financial law and governance.

Remuneration

Information on the remuneration of the members of the Supervisory Board can be found in the Remuneration Report, on pages 123-124.

Committees of the Supervisory Board

As at 1 January 2023, the Supervisory Board had established four committees: the Risk Committee, Audit Committee, Remuneration Committee, and Nomination and Corporate Governance Committee. As of 2 June 2023, the Supervisory Board has decided to change the organisation of its committees by combining the Remuneration Committee and the Nomination and Corporate Governance Committee into the Nomination, Remuneration and Governance Committee. Therefore, as of 2 June 2023, the Supervisory Board has established three committees: the Audit Committee, the Risk Committee, and the Nomination, Remuneration and Governance Committee.

The organisation, duties and working methods of the Supervisory Board committees are detailed in a separate charter for each committee. These charters are available on the NN Group website.

Information on the duties and responsibilities of the respective committees and their composition can also be found in the Report of the Supervisory Board on pages 89-94.

Conflicts of interest

No transactions were entered into in 2023 in which there were conflicts of interest with Executive Board members and/or Supervisory Board members that are of material significance to NN Group and/or to the relevant board members.

Diversity and inclusion

NN Group aims to have an adequate and balanced composition of its boards. In order to ensure such composition at all times, several relevant selection criteria are balanced and (re)appointments to these boards are made on the basis of harmonised policies, including the D&I Policy, and in accordance with legal and regulatory requirements.

The objective of the D&I Policy is to set forth our approach to reaching a diverse and inclusive composition of NN Group's boards and senior management. In order to get to a balanced composition of our Boards (and senior management), the appointment procedures for Executive Board members, Management Board members and Supervisory Board members, as well as the NN Group Human Resources Framework Standard, applicable to the Management Board members and (other) members of our senior management (excluding Executive Board members), include various principles and targets regarding the recruitment and appointment or nomination (where applicable) for these positions. These principles and targets, and the guiding principles included in the profile of the Executive Board and Management Board and the profile of the Supervisory Board as well as in the D&I Policy are taken into account when (re)appointing board members.
This means, that in board composition (and senior management) we strive for a balanced representation in nationality, nation of origin, race, ethnicity, languages spoken, belief system, gender, age, sexual orientation, neurodiversity and physical diversity. In addition, there has to be a balance in the affinity with the nature and culture of the business of the company and its subsidiaries.

As of 1 January 2021, NN Group aims to have a gender balance of at least 40% women and 40% men for its boards.
As of 2021, NN Group also has a target to have at least 40% women in senior management positions. Since 2022, these positions include the Management Board, managerial positions reporting directly to a Management Board member and all senior managerial positions reporting to a business unit CEO.

With the application of ambitious gender diversity targets for its boards, and the target to have more than 40% women in senior management positions (by 2025), NN Group complies with the requirement to set ambitious gender diversity targets as included in the act on gender diversity in boards of Dutch companies (Wet tot wijziging van Boek 2 van het Burgerlijk Wetboek in verband met het evenwichtiger maken van de verhouding tussen het aantal mannen en vrouwen in het bestuur en de raad van commissarissen van grote naamloze en besloten vennootschappen, 'the Act on gender diversity') which entered into force on 1 January 2022.

In support of the ambitious gender diversity targets, NN Group has set an action plan, that is also adopted by the (other) NN Group companies in scope of the Act on gender diversity. This action plan supports a healthy and diverse succession pool for senior management throughout the organisation, as part of our Diversity and Inclusion and Key Talent Management policy and processes.
We have set out various actions on the different drivers behind our Diversity and Inclusion roadmap such as: enhanced

processes, data & monitoring, visibility and networks, and mindset & awareness. Actions include among others:

- The 40% target must be taken into account in the succession planning and process for appointments of persons in board and senior management positions
- At least once a year Talent Review & Succession Planning sessions for senior management positions are organised
- Strive for a minimum of 50% females on shortlists for senior management positions
- A list of female talent pool is kept and participation in succession planning sessions and leadership and development programmes is ensured
- Engagement with female talent pool and increase visibility (examples: networking events, mentoring programme Women in Leadership Network, etc.)
- Performing equal pay analysis

Composition of NN Group's Executive, Management and Supervisory Boards and senior management

NN Group's aim to have a gender balance of at least 40% women and 40% men for its boards, and the fact that its Executive Board consists of only two members requires the Executive Board to consist of one female and one male. In 2023, the composition of the Executive Board was 50% female and 50% male, meeting this target. Considering the limited number of members in the Executive Board, achieving a well-rounded representation of the diverse criteria outlined in our D&I Policy is challenging. As the Executive Board members are part of the Management Board as well, we prioritise attaining diversity balance in the Management Board. For the Management Board, NN Group also aims to have a gender balance of at least 40% of both women and men. In 2023, the gender balance of the Management Board was 37.5% female and 62.5% male. The succession of Fabian Rupprecht, former CEO International of NN Group, by Frank Eijsink as per 1 September 2023 did not result in an improved gender balance of the Management Board. However, as Frank Eijsink has worked in various international positions, dedicating a significant portion of his life to understanding and working in different cultures, this has allowed him to develop skills that are relevant for an international leadership position and contributed significantly in diversity of thought. Throughout 2023, the Management Board was diverse and inclusive; its members representing a broad diversity of thought. In addition, the affinity with the nature and culture of the business of the company and its subsidiaries was well balanced across the Management Board.

Although the act on gender diversity in boards of Dutch companies includes a statutory diversity quota of at least one-third for both women and men on supervisory boards of listed companies, NN Group aims to have a gender balance of at least 40% of both women and men for its Supervisory Board. As from 1 January 2023, the composition of the Supervisory Board was 50% female and 50% male. Following Hélène Vletter-van Dort stepping down as per the close of the AGM on 2 June 2023, this composition is 43% female and 57% male.

As per the Supervisory Board's rotation schedule, the terms of appointment of Robert Jenkins and Hans Schoen will end as per the close of the AGM on 24 May 2024. As announced on 29 February 2024, the Supervisory Board has decided to nominate Koos Timmermans for appointment as member of the Supervisory Board, which appointment is anticipated to become effective on 24 May 2024. On 21 March, it is announced that Robert Jenkins is nominated for reappointment. If the proposed appointment and reappointment are adopted, the composition of the Supervisory Board as per the close of the AGM on 24 May 2024 will continue to be 43% female and 57% male.

In 2023, the composition of the Supervisory Board was diverse and inclusive. Despite many members belonging to the same age group, representation among others of nationality, nation of origin, ethnicity, languages spoken, gender, and sexual orientation was diverse, resulting in a board that is characterised by strong diversity of thought. In addition, the affinity with the nature and culture of the business of the company and its subsidiaries was well balanced across the Supervisory Board.

In future appointments of Executive, Management and Supervisory Board members, NN Group will continue to consider all applicable laws and regulations, our D&I Policy and relevant selection criteria including but not limited to executive experience, experience in corporate governance of large stock-listed companies, and experience in the political and social environment in which NN Group operates.

As at 31 December 2023, 40% of senior management positions were held by women. More information on senior management positions and on inflow of employees can be found in the Diversity and inclusion section on pages 39-40 of this Annual Report, and is deemed to be incorporated by reference herein. We believe our company is strongest when we embrace the full spectrum of humanity. Regardless of what we look like, where we come from, or who we love. That is why NN Group takes a stand for diversity, inclusion and equal opportunities for all. When people inside of our company represent the people outside our company, we can be more responsive to what they expect, want and need, also in changing circumstances. After all, change is a constant factor in our lives, also in the financial sector. More information can be found in the Diversity and inclusion section on pages 39–40 of this Annual Report and our NN Statement on Diversity and Inclusion.

General Meeting

Frequency, notice and agenda

Each year, no later than the month of June, NN Group holds its annual general meeting (AGM). Its general purpose is to discuss the Report of the Management Board, advise on the Remuneration Report, adopt the annual accounts, release the members of the

Executive Board and the members of the Supervisory Board from liability for their respective duties, appoint and reappoint members of the Supervisory Board, decide on the dividend to be declared, if applicable, and decide on other items that require shareholder approval under Dutch law. Extraordinary General Meetings are held whenever the Supervisory Board or the Executive Board deems such to be necessary. In addition, one or more shareholders who jointly represent at least 10% of the issued share capital of NN Group may, on application, be authorised by the court in interlocutory proceedings of the district court to convene a General Meeting.

General Meetings are convened by a public notice via the NN Group website no later than on the 42nd day before the day of the General Meeting. The notice includes the place and time of the meeting and the agenda items. Shareholders who, alone or jointly, represent at least 3% of the issued share capital of NN Group may request to place items on the agenda, provided that the reasons for the request are stated therein and the request is received by the chair of the Executive Board or the chair of the Supervisory Board in writing at least 60 days before the date of the General Meeting.

Admission to the General Meeting

Each holder of shares in the share capital of NN Group entitled to vote, and each other person entitled to attend and address the General Meeting, is authorised to attend the General Meeting, to address the General Meeting and to exercise voting rights.

For each General Meeting, a statutory record date will, in accordance with Dutch law, be set on the 28th day prior to the date of the General Meeting, to determine whose voting rights and rights to attend and address the General Meeting are vested. Those entitled to attend and address a General Meeting may be represented at a General Meeting by a proxy holder authorised in writing.

The 2023 AGM of NN Group was held in hybrid form. Shareholders were able to attend in person or virtually or follow the meeting via a live webcast. Questions could be submitted in advance, as well as during the meeting in person or virtually. Voting rights could be exercised during the meeting in person or by electronic means. Shareholders could also exercise their voting rights by providing an electronic proxy with voting instructions in advance.

Voting and resolutions

Each share in the share capital of NN Group confers the right on the holder to cast one vote. At a General Meeting all resolutions must be adopted by an absolute majority of the votes cast, except in those cases in which the law or the Articles of Association require a greater majority. If there is a tie in voting, the proposal concerned will be rejected.

Powers of the General Meeting

The most important powers of the General Meeting are to:

- Appoint members of the Supervisory Board upon nomination of the Supervisory Board
- Recommend persons to the Supervisory Board for nomination as a member of that board
- Abandon its trust in the Supervisory Board
- Release the members of the Executive Board and the members of the Supervisory Board from liability for their respective duties
- Advise on the Remuneration Report
- Adopt the remuneration policy for the members of the Executive Board and the remuneration policy for the members of the Supervisory Board, including the remuneration for the Supervisory Board members, upon a proposal of the Supervisory Board
- Adopt the annual accounts
- Appoint the external auditor
- Approve resolutions of the Executive Board regarding important changes in the identity or character of NN Group or its business
- Issue shares, restrict or exclude pre-emptive rights of shareholders and delegate these powers to the Executive Board, upon a proposal of the Executive Board which has been approved by the Supervisory Board
- Authorise the Executive Board to repurchase shares
- Reduce the issued share capital, upon a proposal of the Executive Board which has been approved by the Supervisory Board
- Dispose the profit remaining after the payment of dividend on any outstanding preference shares and after a decision has been taken on the addition of all or part of the profits to the reserves, upon a proposal of the Executive Board which has been approved by the Supervisory Board
- Amend the Articles of Association, upon a proposal of the Executive Board which has been approved by the Supervisory Board

Shares and share capital

Classes of shares and NN Group Continuity Foundation

The authorised share capital of NN Group consists of ordinary shares and preference shares. Depositary receipts for shares are not issued with the cooperation of NN Group.

Currently, only ordinary shares are issued, while a call option to acquire preference shares is granted to the foundation Stichting Continuïteit NN Group (NN Group Continuity Foundation). The objectives of the NN Group Continuity Foundation are to protect the interests of NN Group, the business maintained by NN Group and the entities with which NN Group forms a group and all persons involved therein, in such a way that the interests of NN Group and those businesses and all persons involved therein are protected to the best of its abilities, and by making every effort to prevent anything which may affect the independence and/or the continuity and/or the identity of NN Group and of those businesses in violation of the interests referred to above. The NN Group Continuity Foundation shall pursue its objectives, inter alia, by acquiring and holding preference shares in the share capital of NN Group and by enforcing the rights, in particular the voting rights, attached to those preference shares. To this end, NN Group Continuity Foundation has been granted a call option by NN Group.

According to the call option agreement concluded between NN Group and NN Group Continuity Foundation, NN Group Continuity Foundation has the right to subscribe for preference shares in the share capital of NN Group, consisting of the right to subscribe for such preference shares repeatedly. This may happen each time up to a maximum corresponding with 100% of the issued share capital of NN Group in the form of ordinary shares, as outstanding immediately prior to the exercise of the subscribed rights, less one share (which equals a maximum of 50% less one share after dilution), from which maximum shall be deducted any preference shares already placed with NN Group Continuity Foundation at the time of the exercise of the subscribed rights. NN Group Continuity Foundation qualifies as a legal entity independent from NN Group, within the meaning of section 5:71, paragraph 1, subparagraph c of the Dutch Financial Supervision Act.

As at 31 December 2023, the board of NN Continuity Foundation consisted of three members who are independent from NN Group: Marc van Gelder (chair), Karin Bergstein (treasurer) and Steven Perrick (secretary).

Issuance of shares and pre-emptive rights

The General Meeting may resolve to issue shares in the share capital of NN Group, or grant rights to subscribe for such shares, upon a proposal of the Executive Board which has been approved by the Supervisory Board.

The Articles of Association provide that the General Meeting may delegate the authority to issue shares, or grant rights to subscribe for shares, to the Executive Board, upon a proposal of the Executive Board which has been approved by the Supervisory Board.

If the Executive Board has been designated as the body authorised to resolve upon an issue of shares in the share capital of NN Group, the number of shares of each class concerned must be specified in such designation. Upon such designation, the duration of the designation shall be set, which shall not exceed five years. A resolution of the Executive Board to issue shares requires the approval of the Supervisory Board.

Upon the issue of new ordinary shares (or the granting of rights to subscribe for ordinary shares), each holder of ordinary shares in the share capital of NN Group has a pre-emptive right in proportion to the aggregate nominal value of his or her shareholding of ordinary shares. Holders of ordinary shares have no pre-emptive right upon (a) the issue of new ordinary shares (or the granting of rights to subscribe for ordinary shares): (i) against a payment in kind, (ii) to employees of NN Group or of a group company, or (iii) to persons exercising a previously granted right to subscribe for ordinary shares, and (b) the issue of preference shares.

Upon a proposal of the Executive Board which has been approved by the Supervisory Board, the General Meeting may resolve to limit or exclude the pre-emptive rights. According to the Articles of Association, the General Meeting may designate the Executive Board as the competent body to do so upon a proposal of the Executive Board which has been approved by the Supervisory Board. Both resolutions require a majority of at least two-thirds of the votes cast, if less than one-half of the issued share capital is represented at the General Meeting. The designation to the Executive Board to resolve to limit or exclude the pre-emptive rights may be granted for a specified period of time of not more than five years and only if the Executive Board has also been designated or is simultaneously designated the authority to resolve to issue shares. A resolution of the Executive Board to limit or exclude the pre-emptive rights requires the approval of the Supervisory Board.

Designation of the Executive Board at the 2019 and 2023 annual general meetings

Share issuance in the context of issuing Contingent Convertible Securities

On 29 May 2019, the General Meeting designated the Executive Board for a term of five years, from 29 May 2019 up to and including 28 May 2024, as the competent body to resolve, subject to the approval of the Supervisory Board, on the issuance of ordinary shares in the share capital of NN Group (including the granting of rights to subscribe for ordinary shares) upon conversion of any Contingent Convertible Securities (CCS) instruments in accordance with its terms and conditions during the term of the CCS instruments.

This authority of the Executive Board is limited to a maximum of 30% of the issued share capital of NN Group as at 29 May 2019. This designation enables the Executive Board to issue CCS instruments and to set the terms and conditions for any CCS instrument, including the limitation or exclusion of pre-emptive rights, the mechanism for the conversion and the conversion price.

Share issuance and limitation of pre-emptive rights

On 2 June 2023, the General Meeting designated the Executive Board for a term of 18 months, from 2 June 2023 up to and including 1 December 2024, as the competent body to resolve, subject to the approval of the Supervisory Board, to issue ordinary shares in the share capital of NN Group and to grant rights to subscribe for such shares, and to limit or exclude the pre-emptive rights of existing shareholders with respect to such issue of ordinary shares in the share capital of NN Group and such granting of rights to subscribe for ordinary shares.

The authority of the Executive Board is limited to a maximum of 10% of the issued share capital of NN Group as at 2 June 2023.

Rights issue

On 2 June 2023, the General Meeting designated the Executive Board for a term of 18 months, from 2 June 2023 up to and including 1 December 2024, as the competent body to resolve, subject to the approval of the Supervisory Board, to issue ordinary shares in the share capital of NN Group and to grant rights to subscribe for ordinary shares by way of a rights issue. This authority of the Executive Board is limited to a maximum of 20% of the issued share capital of NN Group as at 2 June 2023.

This authority to issue shares may be used for any purpose, including but not limited to safeguarding or conserving the capital position of NN Group and mergers or acquisitions.

Acquisition of own shares

NN Group may acquire fully paid-up shares in its own share capital for no consideration (om niet) or if:
(a) NN Group's shareholder's equity less the payment required to make the acquisition does not fall below the sum of called-up and paid-in share capital and any statutory reserves, and (b) the nominal value of the shares which NN Group acquires, holds or holds as pledge, or which are held by a subsidiary, does not exceed half of the issued share capital. The acquisition of its own shares by NN Group for consideration requires authorisation by the General Meeting. The authorisation is not required for the acquisition of shares for employees of NN Group or of a group company under a scheme applicable to such employees. The Executive Board may resolve, subject to the approval of the Supervisory Board, to alienate the shares acquired by NN Group in its own share capital. The resolution of the Executive Board to acquire shares in its own share capital for consideration requires the prior approval of the Supervisory Board. No voting rights may be exercised in the General Meeting with respect to any share or depositary receipt for such share held by NN Group or by a subsidiary, and no payments will be made on shares which NN Group holds in its own share capital. On 2 June 2023, the General Meeting authorised the Executive Board for a term of 18 months, from 2 June 2023 up to and including 1 December 2024, to acquire in the name of NN Group, subject to the approval of the Supervisory Board, fully paid-up ordinary shares in the share capital of NN Group. This authorisation is subject to the condition that following such acquisition the par value of the ordinary shares in the share capital of NN Group which are held by NN Group or for which NN Group holds a right of pledge, or which are held by its subsidiaries for their own account, shall not exceed 10% of the issued share capital of NN Group as at 2 June 2023. Shares may be acquired on the stock exchange or otherwise, at a price not less than the par value of the ordinary shares in the share capital of NN Group and not higher than 110% of the highest market price of the shares on Euronext Amsterdam on the date of the acquisition or on the preceding day of stock market trading.

Cancellation of own shares

On 2 June 2023, the General Meeting adopted the proposal to reduce the issued share capital of NN Group by cancellation of ordinary shares held by NN Group in its own share capital up to a maximum of 20% of the issued share capital of NN Group as at 2 June 2023.

The cancellation may be executed in one or more tranches. The number of ordinary shares to be cancelled shall be determined by the Executive Board. Capital reduction shall take place with due observance of the applicable statutory provisions and the articles of association of NN Group.

Transfer of shares and transfer restrictions

The transfer of ordinary shares in the share capital of NN Group included in the Statutory Giro System must take place in accordance with the provisions of the Dutch Securities Giro Act (Wet giraal effectenverkeer).

The transfer of shares in the share capital of NN Group not included in the Statutory Giro System requires an instrument intended for that purpose. To become effective, NN Group has to acknowledge the transfer, unless NN Group itself is a party to the transfer. The Articles of Association do not restrict the transfer of ordinary shares in the share capital of NN Group, while the transfer of preference shares in the share capital of NN Group requires the prior approval of the Executive Board. NN Group is not aware of the existence of any agreement pursuant to which the transfer of ordinary shares in the share capital of NN Group is restricted.

Significant shareholdings

Substantial shareholdings, gross and net short positions

Under the Dutch Financial Supervision Act, each legal and natural person having a substantial holding or gross short position in relation to the issued share capital and/or voting rights of NN Group that reaches, exceeds or falls below any one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately give written notice to the Dutch Authority for Financial Markets.

These notifications will be made public via the Register substantial holdings and gross short positions (Register substantiële deelnemingen en bruto short posities) of the Dutch Authority for Financial Markets.

Pursuant to EU regulation No 236/2012, each legal and natural person holding a net short position representing 0.1% of the issued share capital of NN Group must report this position and any subsequent increase by 0.1% to the Dutch Authority for Financial Markets. Each net short position equal to 0.5% of the issued share capital of NN Group and any subsequent increase of that position by 0.1% will be made public via the short selling register of the Dutch Authority for Financial Markets.

In 2023, no legal or natural person held at least 10% of the shares in NN Group, therefore NN Group did not enter into any transaction with any such person.

Information on shareholders with an (indirect) holding and/or gross short position of 3% or more can be found in the Annual Report on page 43 and is deemed to be incorporated by reference herein.

Dutch Corporate Governance Code

NN Group is subject to the Dutch Corporate Governance Code (Code). The application of the Code by NN Group during the financial year 2023 is described in the publication Application of the Dutch Corporate Governance Code by NN Group, dated 20 March 2024, which is available on the website of NN Group.

This publication is to be read in conjunction with this chapter and is deemed to be incorporated by reference herein. The Code is available on the website of the Dutch Corporate Governance Code Monitoring Committee (www.mccg.nl).

VNO-NCW Tax Governance Code

NN Group endorsed the VNO-NCW Tax Governance Code and reports on the application of its principles in our 2023 TTC Report on our website.

Articles of Association

The General Meeting may pass a resolution to amend the Articles of Association with an absolute majority of the votes cast, but only on a proposal of the Executive Board, which has been approved by the Supervisory Board. NN Group's Articles of Association were last amended on 28 May 2020.

Change of Control

NN Group is not party to any material agreement that takes effect, alters or terminates upon a change of control of NN Group following a takeover bid as referred to in article 5:70 of the Dutch Financial Supervision Act, other than a revolving credit facility agreement entered into with a syndicate of lenders. The revolving credit facility agreement includes a change of control provision which entitles the lenders to cancel the commitment under the facility and declare any outstanding amounts under the facility immediately due and payable.

The assignment contracts with the members of the Executive Board provide for severance payments, which are to become due in case of termination of the contract in connection with a public bid as defined in article 5:70 of the Dutch Financial Supervision Act. Severance payments to the members of the Executive Board are limited to a maximum of one year's fixed salary, in line with the Code and the Dutch Financial Supervision Act.

External auditor

The external auditor is appointed by the General Meeting upon nomination of the Supervisory Board, after recommendation by the Audit Committee. On 28 May 2015, the General Meeting appointed KPMG Accountants N.V. (KPMG) as the external auditor of NN Group for the financial years 2016 through 2019. On 29 May 2019, KPMG was reappointed as the external auditor of NN Group for the financial years 2020 through 2022. On 19 May 2022, KPMG was further reappointed as external auditor of NN Group for the financial years 2023 through 2025.

The external auditor may be questioned at the AGM in relation to its audit opinion on the annual accounts. The external auditor will therefore attend and be entitled to address this meeting. In 2023, the external auditor attended the AGM. The external auditor also attended the meetings of the Audit Committee and the Risk Committee of the Supervisory Board in 2023, as well as part of the meetings of the Supervisory Board where relevant, such as the meeting in which the 2022 Annual Accounts were approved.

In 2023, NN Group initiated the selection process to select a new external auditor as of the financial year 2026. It is intended to appoint a new external auditor in the General Meeting in 2025.

More information on NN Group's policy on external auditor independence is available on the NN Group website.

Sustainability governance

Strategy setting

The Executive Board is responsible for the formulation and execution of the company's strategy, consistent with its position on sustainable long-term value creation. In 2023, NN refined our five strategic commitments which reflects our focus on transforming our business (read more on pages 20-25). Our strategy remains aligned with long-term trends including sustainability matters and we see increased demand from customers for sustainable products and services.

The strategy pursued by the Executive Board is supervised by the Supervisory Board. Each Supervisory Board Committee covers sustainability matters that fall within its responsibilities and area of expertise. Reporting the main points of discussion and recommendations to the Supervisory Board safeguards an integrated approach with regard to sustainability matters at Supervisory Board level.

The Management Board is entrusted with the day-to-day management and overall strategic direction of NN Group. This includes the setting and achievement of the company's objectives, and any sustainability matters it deems relevant.

Within the Management Board, the Chief People, Communications, and Sustainability Officer (CPCSO), who reports to the CEO, has Corporate Citizenship, including sustainability, in her portfolio and is the sponsor of topics related to sustainability, climate, responsible investment and responsible insurance underwriting discussed in the Management Board. The CRO, also a member of the Management Board, and reporting to the CEO, has day-to-day responsibility for NN Group's Risk Management function.

The CRO is tasked with ensuring both the Management Board and Supervisory Board are informed of and understand at all times the material risks NN Group is exposed to, which also includes sustainability risks.

The General Counsel, also a member of the Management Board, ensures that both the Management Board and Supervisory Board are informed and understand the legal and compliance risks related to sustainability matters.

The CRO is also the sponsor of the NN Group ORSA, in which outcomes of scenario analyses, including climate change, are evaluated on an annual basis. To ensure NN Group adheres to regulations related to sustainability matters, the NN Group Control Functions, including Risk and Compliance, are tasked with overseeing proper implementation and monitoring ongoing compliance.

In addition, each of our Management Board members is responsible for promoting and integrating sustainability into their respective businesses or functions as relevant.

Sustainability matters are regularly on the agenda of the Management Board covering items such as (material) policy changes and updates, assessments of external benchmarks and ratings, and sustainability risks and opportunities. The progress on the financial and strategic targets, including the net-zero ambition, is discussed on a quarterly basis.

NN Group has the following dedicated committees around sustainability to support the strategy execution and monitoring of progress. See also the visual on page 106.

Purpose Council

NN Group introduced its Purpose Council in 2019, consisting of several Management Board members, heads of relevant staff departments and business representatives, which is chaired by the CPCSO and sponsored by the CEO. The Purpose Council supports the Management Board in steering, measuring and reporting on targets related to customers, people and society.

Performance on strategic targets is reported via a Strategy dashboard, which is evaluated in the Purpose Council and subsequently in the Management Board on a quarterly basis. The Purpose Council also performs an advisory and consultative role with regard to purpose-related areas such as sustainability matters.

Responsible Investment Committee

NN's Responsible Investment (RI) Framework policy describes our approach to integrating sustainability factors, including climate change, in our investment process. NN Group has an RI governance structure to facilitate multidisciplinary discussions and exchange of information between the right people at the right time. The RI Committee is chaired by the Group Chief Investment Officer, who reports to the CEO. Other members include the CPCSO, the CRO, and representatives from the RI team and Investment Risk Management. The RI Committee advises the Management Board on the RI strategy and policies, and oversees the RI approach of NN Group. It defines the net-zero roadmap and related action plans and targets and performs oversight and steering of the net-zero ambition for the proprietary investment portfolio. It is authorised to decide on RI standards, non-material policies and updates, and investment restrictions. New material policy proposals and updates, such as for oil and gas in 2023, require approval of the Management Board, while asset class specific strategies for Paris Alignment require approval of the NN Group Investment Office Investment Committee. The RI Committee reports on progress and challenges at least once a year to the Management Board.

Controversy and Engagement Council

The Controversy and Engagement Council plays a key role in monitoring and overseeing NN Group's direct, collaborative and delegated controversy engagement activities. Established in 2023, the Council is chaired by the Active Ownership function of the RI team, with members from NN Group's Investment Office and Corporate Citizenship department. The Council meets quarterly to discuss progress on engagement activities and determine necessary steps to achieve engagement objectives at the individual company level.

In addition to its oversight and advisory function, the Council provides inputs and recommendations to the RI Committee, which validates whether engagement remains feasible or if a company should be added to the NN Group Restricted List.

Responsible Insurance Underwriting Committee

In the first half of 2023, an operational Net-Zero Insurance working group aligned net-zero activities within the business units involved, to include insurance activities in the 2023 Climate Action Plan (CAP) update. To strengthen our net-zero strategy beyond investing, we set up an equivalent Committee for Responsible Insurance Underwriting (RIU) in the second half of 2023. The RIU Committee is chaired by the CEO of NN Re, who reports to the CRO. Members include the Manager Group Sustainability and representatives of Group Risk, Group Compliance, Netherlands Life, Netherlands Non-life and NN Insurance International. This Committee will strategically discuss sustainability matters for NN's insurance underwriting activities, draft and keep oversight on NN Group RIU-related policies, standards and guidelines, proactively align and guide responsible insurance throughout the company, and report to the Management Board on progress. RIU-related policies and standards require approval of the Management Board.

Strategy execution and integration in operating model

NN Group has a dedicated Corporate Citizenship department, with a Sustainability expert centre, to advise the Management Board on the implementation of the overall approach to sustainability. The experts work closely together with the different business units and functions to steer and advise on embedding sustainability matters into their business in accordance with the overall strategy. This includes our net-zero commitments, with a focus on accelerating the transition to a low-carbon economy, an RI strategy and sustainability-related strategic targets. A dedicated working group was established to prepare and align NN Group's CAP 2023 update.

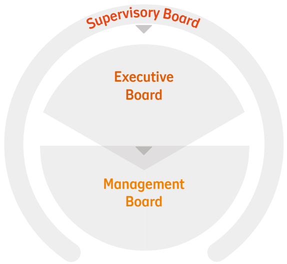
Within NN Group, we have a dedicated RI team that consists of several ESG and RI professionals from within NN Group's Corporate Citizenship team and the NN Group Investment Office.

To meet regulatory requirements, further embed sustainability in our products and services, and build sustainability capabilities throughout the organisation, in 2022 we set up a Task Force Sustainability in Business (TFSB) for, in principle, a period of two years. With the additional dedicated resources, we aim to accelerate our efforts and provide

Sustainability is embedded in our governance

Integration of climate-related action into strategy, decision making and business

Strategy setting

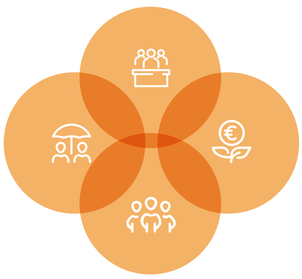


Supervisory Board
Supervises the strategy pursued by the Executive Board.

Executive Board
Is responsible for the formulation and execution of the company's strategy, which includes our net-zero ambition.

Management Board
Is responsible for the company's day-to-day management and overall strategic direction. This includes the setting and achievement of the company's objectives and any sustainability matter it deems relevant.

Strategy execution and monitoring



Taskforce Sustainability in Business

Purpose Council
- Advisory, consultative and preparatory role
- Alignment overarching sustainability themes
- Chaired by CPCSO, includes CEO, several other Management Board members, heads of staff and BU managers.

Responsible Investment Committee
- Advises Management Board on RI strategy, policies and standards, incl. net-zero investment target and restrictions
- Chaired by CIO, members include CPCSO, CRO, RI Team and IRM.

Responsible Insurance Underwriting Committee
- Advises Management Board on RIU strategy, incl. net-zero insurance underwriting targets.
- Chaired by CEO NN Re, includes representatives Netherlands Life, Netherlands Non-life, Compliance, and Risk Management.

Controversy and Engagement Council
- Monitoring and overseeing engagement activities and recommending to RI Committee on potential restrictions.
- Chaired by the Active Ownership function of the RI team, members include representatives from NN Group's Investment Office and Corporate Citizenship department.

Taskforce Sustainability in Business
- Advises Management Board and supports BUs on meeting regulatory requirements, integration of sustainability in our products and services, and capability build-up.

Operational implementation

Centre of Expertise | Group functions | Business Units
- Develop and implement sustainability policies and standards and embed it in day to day operations

Cross-functional working groups
- Ensure there is internal alignment and oversight on specific themes (e.g. net-zero strategy, biodiversity)

Taskforce Sustainability in Business workstreams
- Facilitate implementation of the Taskforce objectives

Risk management

Enterprise Risk Management (ERM) and Investment Risk Management (IRM)
- Integrates sustainability in risk framework & policies, risk management and reporting, and helps mitigate strategic, financial and non-financial risks

Executive Board compensation

Several strategic targets linked to the Executive Board's variable remuneration are related to sustainability, including the contribution to the transition to a low-carbon economy and the reduction of our direct environmental footprint. These climate- related targets set measurable reduction targets for a specific year.

Education and training

The Executive Board, Management Board, Supervisory Board and senior management attend knowledge sessions on our sustainability developments, the regulatory landscape, and our net-zero strategy from internal and external experts. We have introduced specific learning modules for specialists and a general sustainability training for all employees in 2023.

our business units with guidance and support in implementation.

The Risk, Compliance and Legal functions have dedicated resources working on sustainability matters. The functions review, challenge and support management in setting and realising its sustainability strategy and targets, as well as to identify and assess sustainability risks. Our Risk, Compliance and Legal functions support our business lines with implementing sustainability-related regulations, including integrating this into NN's own risk framework.

Risk governance[1]

NN Group's risk governance follows the three lines of defence concept, which outlines the decision-making, execution and oversight responsibilities for NN Group's risk management. This structure has been embedded at both Head Office and business unit level.

The three lines of defence defines three levels, each with distinct roles, decision authorities, execution responsibilities, and oversight responsibilities. This concept helps to ensure that risks are managed in line with the risk appetite as approved by the Supervisory Board and cascaded throughout NN Group.

First line of defence: Executive Board, Management Board, other management

The first line of defence are the CEO of NN Group and the CEOs of the business units, as well as their management board members that collectively make business decisions, with primary accountability for the performance, sales, operations, investments, compliance, and related risks. They are also responsible, both on the executive as well as process level of the organisation, for properly managing risks on a daily basis.

More information on the Executive Board, Management Board and the Supervisory Board and its committees, including their risk management responsibilities, can be found earlier in this chapter.

NN Group gives direction towards business units around risk taking via the risk appetite framework and related policies and standards. NN Group's policies and standards ensure that risks are managed consistently and that NN Group as a whole aims to operate within the risk appetite and related risk limits and tolerances. The policies and standards focus on risk measurement, risk control and risk governance. Policies and standards have to be approved by the Management Board. Any potential waivers to NN Group policies or standards require delegated approval of the responsible member of the NN Group Management Board.

Business units may independently perform all activities that are consistent with the strategy of NN Group and the approved (three-year) business plan, NN Group's values, in line with the risk appetite and compliant with policies, standards, laws and regulations. Decisions can be made by a business unit CEO, unless decisions require

Three lines of defence[2]

1 First line of defence

Executive Board, management boards, other managers

- Make business decisions
- Accountable for financial performance, sales, operations, investments, underwriting
- Sell products that reflect local needs and thus know their customers and are well-positioned to act in both the customers' and NN Group's best interest
- Accountable for risk taking

2 Second line of defence

Risk, Actuarial, Legal and Compliance teams

- Support management in their decision-making and risk/return trade-offs
- Countervailing power to prevent risk concentrations and unwanted/excessive risk taking
- Developing policies for their specific risk and control areas
- Encouraging, challenging and monitoring sound risk management throughout NN
- Escalation power in relation to business activities that are judged to present unacceptable risks to NN Group

3 Third line of defence

Corporate Audit Services

- Provides independent assurance on the effectiveness of NN Group's business and support processes, including governance, quality of risk management and quality of internal controls
- Assesses first line of defence activities as well as second line of defence activities

1 These disclosures are an integral part of the Consolidated Annual Accounts, and are part of the disclosures to which the audit opinion relates. This includes pages 107-110.
2 The Risk Management, Compliance, Actuarial and Internal Audit functions are key functions under Solvency II and apply the regulatory requirements as part of their responsibility.

approval of e.g. the Management Board, specific Management Board members or the Supervisory Board pursuant to the NN Group Decision Structure.

The business unit CEOs are responsible for:
- The profitability, as well as the business and operational activities, and as such the risk and control, in their respective areas
- The execution in their respective areas of any strategies that conform to the strategic framework of NN Group
- Fulfilling their statutory responsibilities
- Implementing and maintaining a sound control framework and operating in accordance with laws and regulations, NN Group policies, standards and internal controls, and NN values
- Sustainability of the corresponding business unit in the long term

Regular oversight interaction between Head Office and business units takes place with respect to, amongst others, product approval, mandate approval, risk limit setting, risk reporting, ORSA, policy setting and implementation monitoring, model and assumption review and validation. These interactions cover all types of risks.

Ad-hoc interactions also take place when a business unit proposes a material business initiative for which any Management Board member has the right to initiate a risk review. A risk review can also be initiated to investigate a significant incident or unexpected significant adverse business performance. A risk review is an in-depth risk analysis of the object in scope concluded with a risk opinion and advice when and where relevant.

Second line of defence: Risk Management, Compliance, Actuarial and Legal

Risk Management Function

Within the Management Board, the CRO is entrusted with the day-to-day execution of the Risk Management Function, while the Legal Function and Compliance Function fall within the responsibility of the General Counsel.

The NN Group CRO steers an independent risk organisation which supports the first line in their decision-making with sufficient countervailing power to prevent excessive risk taking. The NN Group CRO is also responsible for the organisation of Group Risk at Head Office level. The NN Group CRO must ensure that both the Management Board and the Supervisory Board are at all times informed of and understand the material risks to which NN Group is exposed.

Responsibilities of the Risk Management Function include:

- Setting of and monitoring compliance with overall policies as issued by the Risk Management Function
- Formulating NN Group's risk management strategy and ensuring that it is implemented consistently throughout NN Group's organisation
- Supervising the operation of NN Group's risk management and business Control systems, including NN Group's Partial Internal Model (PIM)
- Reporting on NN Group's risks, as well as the processes and internal controls
- Making risk management decisions with regards to matters which may have an impact on the financial results of NN Group or its reputation, without limiting the responsibility of each individual member of the Management Board in relation to risk management
- The NN Group Internal Model, including all internal model-related activities, such as model development and model validation
- Provide, together with the other control functions, a second line opinion when first line business initiatives can materially impact the risk profile of a business unit or NN Group and/or provide additional assurance for presented key first line risk-related information

Group Risk supports the NN Group CRO in the execution of his duties and responsibilities. To ensure solid understanding, oversight and support to the international business units, the NN Group CRO is supported by four teams:
- CRO International: performing risk oversight activities and contributing to day-to-day risk management across international entities of NN Group. In addition, the team provides support and risk management activities in the area of underwriting & pricing risks.
- Enterprise Risk Management: supporting risk governance and frameworks, internal and external risk reporting, as well as performing risk management activities around strategic, emerging, operational and technology risks.
- Risk Models & Analytics: taking care of the coordination, implementation and operation of NN Group's PIM, as well as Model Validation.
- ALM & Investment Risk Management: providing support and risk management activities in the areas of market risks, as well as Solvency II risk modelling of market and counterparty default risks.

The business unit CROs of NN Life & Pensions, NN Non-life and NN Bank report functionally to the NN Group CRO. The International business unit CROs, as well as CRO NN Re, report functionally to the CRO of International. All business unit CROs report hierarchically to their respective business unit CEOs.

Model Validation

Model Validation aims to ensure that NN Group's models are fit for their intended use and is part of the Risk Management Function. For this purpose, Model Validation carries out validations of risk and valuation models related to Solvency II and, among others, IFRS 17 regulation. Models are typically developed within first line teams, or within the second line risk team, separate from Model Validation. Any changes to models that have an impact larger than certain pre-set materiality thresholds require approval from either the NN Group CRO, NN Group CFO or the NN Group Management Board. Model Validation performs validation on reliability of models at different stages during their life cycle: at initiation, prior to approval, when the model has been redeveloped or modified, and on a regular basis (based on a planning discussed and agreed with the Model Development departments). The validation process covers a mix of developmental evidence assessment, process verification and outcome analysis. The validation cycle determines the maximum period between two model validations, which can be up to five years. This means that each model in scope will be independently validated at least once within the validation cycle. Model Validation can also start validating before the due date, for example following specific portfolio/market developments or regulatory changes. Materiality of a model is determined based on quantitative and qualitative criteria. Quantitative criteria relate to, among others, a percentage of Market Value of Liabilities/Assets, or Solvency Capital Requirement. Qualitative criteria cover model complexity, strategic importance and other factors. Models with a higher materiality are validated more frequently. Depending on the materiality of the model, as well as the severity of findings resulting from a model validation, models receive a validation opinion. Models with severe findings require remediation actions by management, such as further adjustments of the model.

Compliance Function and Legal Function

Within the Management Board, the General Counsel is entrusted with the responsibility for NN Group's Legal Function and the Compliance Function. The General Counsel steers an independent compliance and an independent legal organisation which supports and challenges the first line in their decision-making with sufficient countervailing power to prevent excessive risk taking.

The General Counsel is responsible for the organisation of Group Legal at Head Office level. At the business unit level, management establishes and maintains a Legal Function and appoints a Head of Legal. The Head of Legal in principle reports hierarchically to the business unit CEO. The Heads of Legal have a functional reporting line to the General Counsel. The General Counsel must ensure that both the Management Board, including the members of the Executive Board, and the Supervisory Board are at all times informed of and understand the material legal and compliance risks to which NN Group is exposed.

To effectively manage business conduct risk, NN Group has an independent Compliance Function headed by a Chief Compliance Officer who is the Key Function Holder for Compliance and who has a direct reporting line to the General Counsel and member of the Management Board. The Compliance Function is positioned independently from the business it supervises. This independent position is, among others, warranted by independent reporting, unrestricted access to senior management as well as structural, periodic meetings of the Chief Compliance Officer with the NN Group CEO and the chair of the Risk Committee of the Supervisory Board.

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

Within NN Group's broader risk framework, the purpose of the Compliance Function is to:
- Understand and advocate rules, regulations and laws for the effective management of risks in scope of the Compliance Function.
- Proactively work with and advise the business to manage business conduct and product suitability risk throughout our products' life cycle and our business' activities to meet stakeholder expectations.
- Develop and enhance tools to strengthen the three lines of defence to detect, communicate, manage and to report on business conduct risks.
- Support NN Group's strategy by establishing clear roles and responsibilities to help embed good compliance practices throughout the business by using a risk-based approach to align business outcomes with NN Group's risk appetite.
- Deepen the culture of compliance by partnering with the business to increase the culture of trust, accountability, transparency, and integrity in evaluating, managing and in reporting on business conduct risk.
- Develop and maintain a framework to support the first line in adhering to material laws and regulations in scope of the function as described in the Compliance Function Charter, which is aligned with NN Group's Risk & Control framework.
- Monitor that management and employees act in accordance with NN Group's policies and standards as well as relevant material laws and regulation, in scope of the function.

At the business unit level, management establishes and maintains a Compliance Function and appoints a Head of Compliance. The Head of Compliance in principle reports hierarchically to the business unit CEO. In addition, the Head of Compliance has a functional reporting line to the Chief Compliance Officer.

Actuarial Function

The Actuarial Function reports hierarchically to the NN Group CRO and has in addition a functional reporting line to the NN Group CFO. This is to ensure consistency with related Finance processes. The primary objective of the Actuarial Function is to ensure that technical provisions (under Solvency II and IFRS) are reliable and adequate, and as such that NN Group is able to meet its obligations towards policyholders and to protect NN Group from loss or reputational damage. The Actuarial Function operates within the context of NN Group's broader Risk Management System. Within this system, the role of the Actuarial Function is to:
- Understand and advocate the rules, regulations and laws for effective management of the calculation process of technical provisions,

covering elements such as data quality, assumption setting, models and methods, as well as underwriting and reinsurance arrangements; proactively advise the business to manage the risk of unreliable and inadequate technical provisions.
- Inform management and the Supervisory Board on its opinion on the adequacy and the reliability of the technical provisions, the adequacy of reinsurance arrangements and the underwriting policy at least on an annual basis through the Actuarial Function Report.
- Develop and enhance tools to strengthen the three lines of defence to detect, communicate, manage and to report on risks related to unreliable or inadequate technical provisions.
- Support NN Group's strategy by establishing clear roles and responsibilities to help embed good (actuarial) practices throughout the organisation by using a risk-based approach aligned with NN Group's risk appetite.
- Strengthen the culture of professional risk management by challenging management and experts to increase the culture of trust, accountability, transparency, and integrity in evaluating, managing of and reporting on risks to unreliable or inadequate technical provisions.
- Provide a second line opinion when first line business initiatives can materially impact the risk profile of a business unit or NN Group and/or provide additional assurance for presented key first line risk-related information.

Third line of defence: Corporate Audit Services

Corporate Audit Services (CAS) provides independent assurance on the effectiveness of NN's business and support processes, including governance, quality of risk management and quality of internal controls. They assess the first line of defence activities as well as the second line of defence activities. CAS supports NN Group in accomplishing its mission and objectives through a systematic, documented approach to examine, evaluate and improve the design and effectiveness of (NN Group's framework of) governance, risk (management) processes and internal control.

CAS keeps in close contact with home and local supervisors and regulators as well as with the external auditor via regular meetings in which current (audit) issues are discussed, as well as internal and external developments and their impact on NN Group and CAS. CAS also provides information like risk assessments and relevant (audit) reports.

The General Manager of CAS and all CAS employees are authorised to:
- Obtain without delay, from General Managers within NN Group, information on any significant incident concerning NN Group's operations including but not limited to security, reputation and/or compliance with regulations and procedures.
- Obtain without delay, from responsible managers within NN Group, a copy of all letters and reports received from external review agencies (e.g. external auditor, supervisors, regulators and other agencies providing assurance-related services).
- Have free, full, unrestricted and unfettered access – at any time deemed appropriate – to all NN Group departments, offices, activities, books, accounts, records, files, information. CAS must respect the confidentiality of (personal) information acquired.
- Require all NN Group staff and business management to supply such information and explanations, as may be needed for the performance of assessments, within a reasonable period of time.
- Allocate resources, set frequencies, select subjects, determine scope of work and apply appropriate techniques required to accomplish the CAS's objectives.
- Obtain the necessary assistance of personnel in various departments/offices of NN Group where CAS performs audits, as well as other specialised/professional services where considered necessary from within or outside NN Group. CAS should exercise its authority with the minimum possible disruption to the day-to-day activities of the area being assessed.
- In compliance with the Code, the Executive Board is responsible for the role and functioning of CAS, supervised by the Supervisory Board, supported by the Audit Committee of the Supervisory Board. The General Manager of CAS is accountable to the NN Group CEO and functionally (independent) to the chair of the Audit Committee of the Supervisory Board. On a day-to-day basis the General Manager of CAS reports to the NN Group CEO.

System of Governance evaluation in 2023

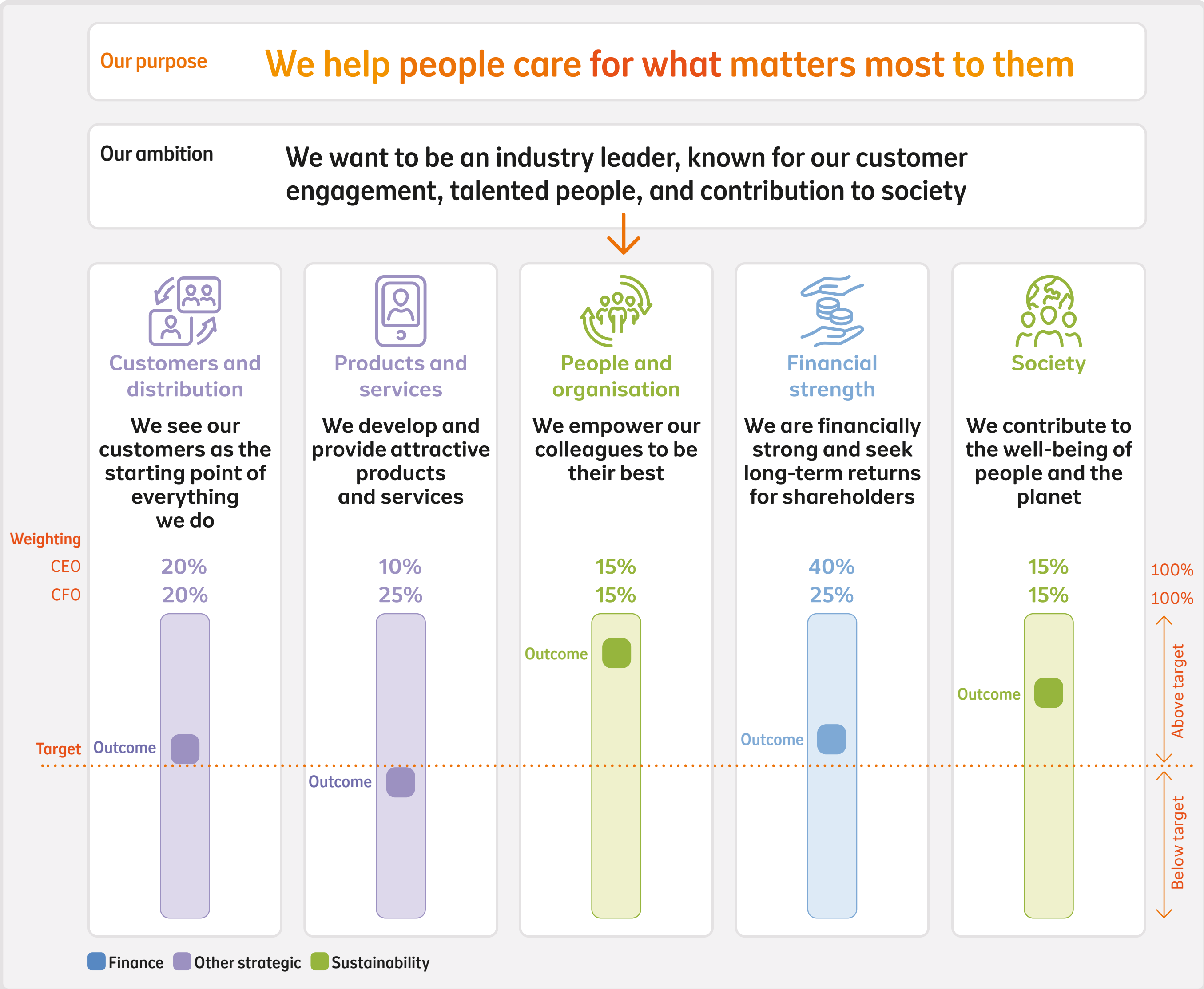
In 2023, various elements of NN Group's System of Governance were reviewed, discussed and completed by the Management Board as required under Solvency II. The review was based, for example, on self-assessments by each Key Function on its compliance with requirements and on its operational effectiveness. Where appropriate, improvements were implemented. Special focus during 2023 was on potential organisational conflicts of interest. The outcomes of the System of Governance review were discussed with the Risk Committee of the Supervisory Board.

Corporate Governance Statement

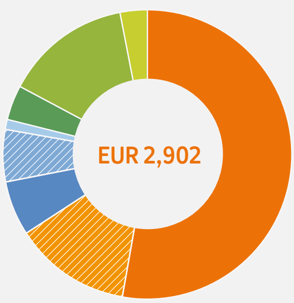
This chapter also serves as the corporate governance statement referred to in section 2a of the Decree contents of the management report (Besluit inhoud bestuursverslag). This includes parts of this Annual Report incorporated by reference, together with the separate publication 'Application of the Dutch Corporate Governance Code by NN Group', dated 20 March 2024 and available on the NN Group website.

Remuneration at a glance

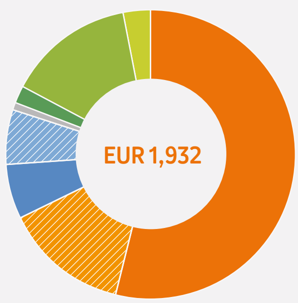
The link between our strategy and remuneration



Composition of the Executive Board's remuneration (in EUR 1,000 and gross)



CEO	%
Base salary in cash	53
Base salary in shares	13
Variable remuneration in cash	6
Variable remuneration in shares	6
Pension	1
Other emoluments	4
Individual savings allowance	14
Employer cost social security	3



CFO	%
Base salary in cash	54
Base salary in shares	14
Variable remuneration in cash	6
Variable remuneration in shares	6
Pension	1
Other emoluments	2
Individual savings allowance	14
Employer cost social security	3

Remuneration Report

Opening statement

On behalf of the Nomination, Remuneration and Governance (NRG) Committee, I would like to elaborate on the main remuneration-related developments during the year and other relevant topics that are important to NN Group and its stakeholders. In addition to regular remuneration topics, the following topics highlighted my first year as chair of the NRG Committee.

Remuneration in perspective

The year 2023 was marked by a globally uncertain macroeconomic environment, including the ongoing geopolitical conflicts and challenges posed by inflationary pressures, which impact the lives of many of us. Even though the continuation of geopolitical uncertainties is affecting NN Group as a whole, its business performance remained robust. At the same time, the NRG Committee was mindful of these circumstances, including the current labour shortage, in its activities in 2023.

Annual general meeting 2023

We were pleased with the General Meeting's positive advice on the 2022 Remuneration Report at NN's annual general meeting (AGM) in 2023.
The proposal was adopted with 94.84% of the votes granted in favour, slightly above the support level in 2022.
The proposal to amend the level of the fixed annual fee for the members of the Supervisory Board was adopted with 99.06% of the votes in favour.
We aim to improve the content of the Remuneration Report each year to meet our shareholder's expectations. The NRG Committee will closely monitor the implementation of new remuneration-related disclosure requirements, including those arising from the Corporate Sustainability Reporting Directive (CSRD).

At the close of the AGM on 2 June 2023, the term of appointment of Hélène Vletter-van Dort as member and vice-chair of the Supervisory Board and as chair of the Remuneration Committee ended. On the same day, the Remuneration Committee and Nomination and Corporate Governance Committee were combined into a single new committee called the NRG Committee. I am honoured to succeed Hélène and to be appointed as vice-chair of the Supervisory Board and chair of the newly combined NRG Committee. I want to thank Hélène for almost eight years of highly valued contributions in chairing the Remuneration Committee, and for the very pleasant cooperation since my arrival as Supervisory Board member in 2023.

Remuneration policy update

In 2023, I had the pleasure of meeting with numerous stakeholders who shared with me their feedback on the remuneration report and remuneration policies for the members of the Executive Board and the Supervisory Board. In these interactive meetings, we discussed the intended changes in these policies, as they will be submitted for adoption to the General Meeting at the AGM in 2024. Stakeholders invited included shareholders, shareholder representative bodies, proxy advisors, employees including trainees and young professionals, the Central Works Council, a regulator, and the Dutch general public, including customers.
I would like to express my gratitude to all stakeholders for providing the NRG Committee with their valuable input.
When drafting the intended changes in the remuneration policies, the NRG Committee has sought a careful balance of all feedback, views and interests of the various stakeholders.

In May 2023, the Supervisory Board discussed the approach and steps for the review of the remuneration policies for the Executive Board and Supervisory Board. The Supervisory Board thoroughly reviewed these policies and carefully considered all remuneration elements. This review also took into account the changes in the Dutch Corporate Governance Code, the feedback received from internal and external stakeholders in the stakeholder consultation sessions mentioned above, as well as external market practices. In general, we concluded that the remuneration policies operate as intended. The updated remuneration policy for the Executive Board, will include more focus on sustainable long-term value creation, more detailed information about the circumstances under which deviation can be applied and for which remuneration elements, as well as more information on how the policy ensures alignment between the remuneration of the Executive Board and the long-term interest of all stakeholders.

During the stakeholder consultation sessions, I was pleased to hear from investors that they appreciated that the remuneration principles of our policies are well aligned with NN Group's practice and culture. The Supervisory Board carefully considered the input as provided by our stakeholders and spent time incorporating this to the best extent possible and in a balanced way, when preparing the final updated remuneration policies that will be proposed for adoption to the 2024 General Meeting for adoption.

2024 performance objectives

The stakeholder consultation sessions emphasised that related to the performance objectives of the Executive Board, we should continue to work towards objectives that have more focus, are simpler and more measurable. The Supervisory Board took this into consideration and I am pleased that the performance objectives for 2024 are more focused, simplified and straightforward to communicate – leading to fewer performance objectives. Even with this approach, we hold on to strong elements from the previous set-up, such as the coverage of our strategic commitments, including the sustainability-related objectives.

Quality of disclosures on performance objectives

As a result of this stakeholder engagement, the level of disclosure in this year's Remuneration Report has increased compared with previous years. The most significant improvements relate to presenting the Executive Board's remuneration packages and performance objectives outcomes concisely at the beginning of the Remuneration Report. This page also indicates the background of each strategic commitment, for example, if they have a financial or sustainability-related background.

Dutch Collective Labour Agreement

In December 2023, the majority of the members of CNV Vakmensen, De Unie and FNV Finance voted in favour of NN Group's offer, leading to a new Collective Labour Agreement (CLA) that came into effect on 1 January 2024. The NRG Committee monitored the CLA negotiations with the unions, and is pleased with the positive outcome.

As chair of the NRG Committee, it is my privilege to present NN Group's 2023 Remuneration Report. I would once more like to express my gratitude to all stakeholders who contributed to our dialogues and I look forward to continuing our interactions and seeing shareholders at the upcoming AGM.

Pauline van der Meer Mohr
Chair of the Nomination, Remuneration and Governance Committee

Introduction

This Remuneration Report describes NN Group's remuneration policy and methodology. Furthermore, details are provided on the remuneration of the Supervisory Board and the Executive Board. This Report is divided into the following subsections:

I Remuneration in general
II Remuneration of the Executive Board
III Remuneration of the Supervisory Board

Reference is made to Note 47 'Key management personnel compensation' in the Consolidated annual accounts for more information on the remuneration of the Executive Board, Management Board and Supervisory Board, including loans and advances provided to the members of these Boards. This Remuneration Report serves as the report referred to in article 2:135b of the Dutch Civil Code and Best Practice Provision 3.4.1 of the Dutch Corporate Governance Code. The information provided in this Remuneration Report is based on the current remuneration policies of NN Group as applicable in 2023.

Remuneration in general

NN Group has an overall remuneration policy, as described in the NN Group Remuneration Framework, which sets out guidelines and principles for all country and business unit remuneration policies within NN Group. On an annual basis, the NN Group Remuneration Framework is reviewed and updated in line with legislative changes and other relevant internal and external developments. NN Group aims to apply a clear and transparent remuneration policy that is adequate to attract and retain expert leaders, senior staff and other highly qualified employees. The NN Group strategy sets out our goals and how we will achieve them through our shared purpose, our ambition and our five strategic commitments. These strategic commitments are embedded in the remuneration policies within NN Group. The remuneration policy is also designed to support NN Group's employees to act with integrity and to carefully balance the interests of our stakeholders. It supports doing business with the future in mind, and aims to focus on creating sustainable long-term value for all stakeholders.

At the same time, NN Group is conscious of its role in society, which is considered and embedded in the remuneration policies and practices as applicable to NN Group employees. These policies promote robust, balanced and effective risk management, including risk management of sustainability risks (risks related to environmental, social and governance factors) and the integration thereof in the risk management system and procedures. This will, among others, be supported by performance objective setting processes.

NN Group's remuneration policy for executives and senior staff is based on a total compensation approach, and is benchmarked on a regular basis with relevant national and international peers, both within the financial sector and outside the financial sector. Clear financial and strategic performance objectives are set which are aligned with the overall strategy of NN Group, both in the short term and the long term, to ensure that remuneration is properly linked to individual, team and NN Group performance. The remuneration policy supports a focus on the company's long-term interests and the interests of its customers and various stakeholders by ensuring that, by linking remuneration to the company's long-term objectives, staff are not encouraged via remuneration to take excessive risk. In addition, the remuneration policy ensures that NN Group complies with all the relevant (inter) national regulations on remuneration as relevant to our business, such as the Act on Further Remuneration Measures for Financial Undertakings (Wet nadere beloningsmaatregelen financiële ondernemingen) that entered into force per 1 January 2023.

Gender equality contributes to an inclusive working environment by ensuring equal opportunities, working conditions and equal pay for equal work. NN Group constantly strives to promote and achieve equal pay for equal work, or work of equal value, for all employees, as this is a key component of supporting equal opportunities for all genders.

To this end, NN Group has implemented remuneration policies that do not differentiate for gender. This means that, in principle, all aspects of NN Group's remuneration policies and processes are aimed to be gender neutral, such as the determination of salary levels for our employees and the process in relation to setting the award and pay-out levels for variable remuneration.

NN Group's pay is analysed annually with a focus on gender equality. When comparing similar compensation grades and job profiles, it can be concluded that we offer equal pay for equal work. We are proud to be once again included in the Bloomberg Gender Equality Index, given that equal pay & gender pay parity are topics that are taken into account in the Bloomberg assessment.

More information on our actions and efforts in relation to gender diversity, and the key findings resulting from our latest equal pay analysis, can be found on pages 39–40. Equal pay will remain under continuous attention, as we believe equal pay is a key component of supporting equal opportunities for everyone. Together, we will continue on our path of building and fostering a diverse, inclusive, healthy and safe workplace for all colleagues.

To further accelerate the process of closing the gender pay gap, the Pay Transparency Directive has been adopted by the European Parliament. NN Group has started the implementation process and is committed to implement all requirements of this Directive before it is integrated in national legislation of the European Member States.

With respect to performance year 2023, the total number of staff of NN Group eligible for variable remuneration is 5,547. The total approved variable remuneration budget is EUR 37.4 million, which will be paid in March or April 2024. In 2023, 7 persons employed within NN Group received a total remuneration of more than EUR 1 million. For this calculation, the individual base salary, awarded variable remuneration and, where applicable, life course savings schemes, individual saving allowances and pension contributions were included.

Remuneration of the Executive Board

The members of the Executive Board have a commission contract (in Dutch: overeenkomst van opdracht) with NN Group N.V. David Knibbe was appointed to the Executive Board and designated as Chief Executive Officer (CEO) of NN Group and as a result chair of the Executive Board effective 1 October 2019. After notification to the General Meeting of NN Group at the AGM on 2 June 2023, David Knibbe was reappointed as member of the Executive Board and again designated as CEO of NN Group and as a result chair of the Executive Board for a term of four years, which term will end at the close of the 2027 AGM.

Annemiek van Melick was appointed as a member of the Management Board effective 1 June 2022. She was appointed member of the Executive Board and designated as Chief Financial Officer (CFO) and as a result vice-chair of the Executive Board effective 1 July 2022. Her term of appointment will end at the close of the AGM of NN Group in 2026.

Members of the Executive Board can be reappointed by the Supervisory Board for consecutive periods of up to four years after notification to the General Meeting of NN Group.

The remuneration policy for the members of the Executive Board was adopted by the General Meeting on 28 May 2020, effective as from 1 January 2020. The data presented in this report relates to remuneration awarded to the members of the Executive Board in respect of the whole of 2023. The 2023 total remuneration as provided to the members of the Executive Board is in line with the applicable remuneration policy. The Supervisory Board has not applied any deviation from the procedure for the implementation of the remuneration policy or derogation from the remuneration policy for the members of the Executive Board.

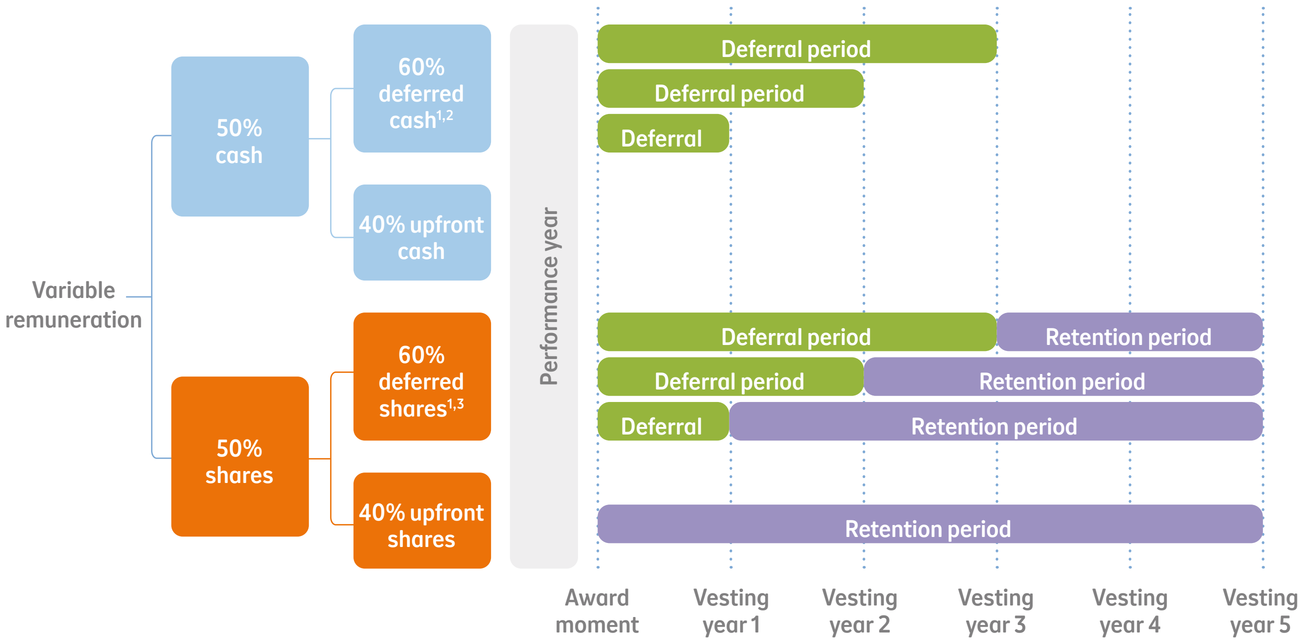
The remuneration policy for the members of the Executive Board is required to be submitted to a vote by the General Meeting at least every four years.

In 2023, therefore, a thorough review of the remuneration policy took place in which all remuneration elements were considered. In general, it was concluded that the policy operates at intended. The policy has been amended to reflect the changes in the Dutch Corporate Governance Code and to take into account the feedback received from internal and external stakeholders and external market practices. The remuneration policy for the Executive Board will be submitted to a vote by the General Meeting at the AGM in 2024.

The remuneration of the members of the Executive Board consists of a combination of fixed remuneration ('base salary'; of which 80% is paid in cash and 20% in shares) and base salary related allowances, variable remuneration (of which 50% is paid in cash and 50% in shares), pension arrangements and other emoluments as described below. To support the sustainable long-term value creation, a retention period of five years starting from the date of award is applicable to all share awards. The detailed composition of the Executive Board remuneration is illustrated below.

Composition EB remuneration

Remuneration elements	Portion		Split	Awarded	Retention period
Base salary in cash	80%				
Base salary in shares	20%				5 years
Total base salary	**100%**				
Variable remuneration	Min Target Max	0% 16% 20%	50% in cash	60% deferred	
				40% upfront	
			50% in shares	60% deferred	5 years
				40% upfront	5 years
Total direct remuneration	**Min Target Max**	**100% 116% 120%**			



1 One-third of the deferred cash and deferred shares awards vest each year.
2 Subject to 'Hold-Back and Claw-Back' clauses and leaver provisions during the deferral period up to the third anniversary award moment.
3 Subject to 'Hold-Back and Claw-Back' clauses and leaver provisions during the deferral period. Subsequently, the retention period applies until the fifth anniversary award moment.

The total compensation of the members of the Executive Board is benchmarked on a regular basis against market data that includes peers both inside and outside the financial sector in the Netherlands and abroad. The peers are selected with reference to asset base, market capitalisation, revenue and number of employees. For 2023, the peer group consists of ABN AMRO Bank, Achmea, Aegon, Ageas, Akzo Nobel, Aviva, Hannover Rueck Se, Koninklijke DSM, Legal & General Group, Munich Re, Rabobank, Randstad, Swiss Life Holding, Talanx and Wolters Kluwer. NN Group has worked with a consistent peer group approach since the current remuneration policies of NN Group came into force on 1 January 2020. To determine the peer group for 2024, a fundamental review of the guiding principles as defined in 2019 took place to ensure that they are still future-proof and fit for purpose. In this process, the Supervisory Board was supported by an independent advisor. Based on this review the Supervisory Board decided that for 2024, the only change needed was replacing AEGON and DSM, as these peers moved their headquarters outside the Netherlands. Taking into account the predefined selection criteria, these companies have been replaced by two suitable new peers, being a.s.r. and Koninklijke Philips.

In line with the remuneration policy as adopted by the General Meeting on 28 May 2020, the Supervisory Board aims to set the remuneration levels below market median. If, based on the annual benchmark, the remuneration level is not in line with the approved policy, appropriate measures will be considered. The Supervisory Board also takes into account all stakeholders' interests, including social context and the results of scenario analyses, before finalising executive pay levels.

Only in the event of an involuntary exit (e.g. a mutual agreement at NN Group's initiative where the member of the Executive Board has been requested to leave), Executive Board members are eligible to an exit arrangement limited to a maximum of one year base salary. Exit arrangements will in no way qualify as reward for failure (within the meaning of the applicable regulatory requirements).

Executive Board base salary

The Executive Board base salary is based on the remuneration policy for the Executive Board, which aims at retaining highly qualified leaders and positioning the Executive Board total direct compensation (i.e. the total of the base salary and variable remuneration) below the market median. Aligned with this remuneration policy, the Supervisory Board evaluates the remuneration of the members of the Executive Board each year in comparison with the remuneration at NN Group's peer companies. The Supervisory Board also consults external experts to provide relevant benchmark insights.

In 2023, the Supervisory Board performed an assessment of the Executive Board's remuneration, taking into account, among others, the position compared to the market, internal pay relativities and the interests and opinions of stakeholders. On the basis of this assessment, the Supervisory Board has decided not to grant a salary increase to the members of the Executive Board during the year 2023. As part of the regular annual review cycle, the Supervisory Board will continue to monitor the salaries of the members of the Executive Board, and relevant related considerations during 2024.

Executive Board variable remuneration

The remuneration policy for the members of the Executive Board combines the short- and long-term variable components into one structure. This structure supports both sustainable long-term value creation and short-term company objectives. Performance objectives reflect NN Group's medium-term strategic priorities as communicated to the market and as such contribute to the long-term strategy of NN Group. Variable remuneration is based on both the financial and strategic performance of the individual and the company. The Supervisory Board annually determines the performance objectives at the start of the performance year and defines the relevant 'at target' level. Following the performance year, the Supervisory Board determines the extent to which the financial performance objectives are met based on the full-year financial results. The extent to which strategic performance objectives are met is also assessed by the Supervisory Board.

The emphasis on long-term performance within the variable component of the compensation package is realised by means of deferral of 60% of the total variable remuneration. Furthermore, an annual re-evaluation by the Supervisory Board takes place with the option to hold back (i.e. prevent from ever vesting) and/or claw back vested and paid variable remuneration. The Supervisory Board has the authority to reclaim any variable remuneration allocated to a member of the Executive Board based on inaccurate data and/or behaviour that led to significant harm to the company. In addition, the Supervisory Board has the authority to adjust variable remuneration in the event that the application of the predetermined performance criteria would result in an undesired outcome.

The maximum variable remuneration of the members of the Executive Board for performance year 2015 onwards has been capped at 20% of the base salary and the on target level of the annual variable remuneration has been set at 16% of the base salary. This is in line with the requirements of the Dutch regulatory regime as applicable to NN Group.

Additionally, the short-term component of variable remuneration (the so-called 'Upfront Portion') is 40% of the total variable remuneration and is equally divided between an award in cash and an award in stock. The deferred portion is also equally divided between an award in deferred cash and an award in deferred stock. Both the deferred cash and the deferred stock awards are subject to a tiered vesting on the first, second and third anniversary of the grant date (one-third per annum). Similar to the shares awarded as fixed remuneration, a retention period of five years starting from the date of award is applicable to all stock awards (both upfront and deferred), with the exception that part of the stock will be withheld at the relevant date of vesting to cover any income tax liability arising from the vested share award (withhold-to-cover). In addition to the general principles described above, more specific details on the 2023 variable remuneration of the members of the Executive Board are provided below.

Performance for the year 2023 was assessed based on a number of objectives, as outlined on the next pages. Estimated risks and capital adequacy were also taken into account when determining the award of variable remuneration.

Performance objectives of the members of the Executive Board

The performance of the members of the Executive Board is assessed annually against their financial and strategic objectives as set by the Supervisory Board. When determining the objectives for a specific performance year, the Supervisory Board takes into account the medium-term financial, as well as strategic company targets which contribute to the long-term strategy of NN Group. When determining the relative weighting between the financial and strategic performance objectives, the Supervisory Board takes into account the requirements of the Dutch regulatory regime as applicable to NN Group and the Executive Board remuneration policy. At the end of the year, the Supervisory Board executes a performance assessment to determine to what extent the objectives have been met. The Supervisory Board is supported by various departments, such as Finance, Corporate Development, Business Strategy, Compliance, Corporate Relations, Risk and HR, to provide relevant input.

The ambition of our company describes what we want to achieve in the years to come. We want to be an industry leader, known for our customer engagement, talented people, and contribution to society. All our different business entities are expected to contribute to the delivery of our ambition. To realise this ambition, five strategic commitments have been identified and the performance objectives of the members of the Executive Board were structured around these commitments.

At the end of 2023, we refined our five strategic commitments and introduced a new commitment on becoming a 'digital and data-driven organisation', while combining our commitments on customers and products and services into a single commitment, called 'engaged customers'. This update reflects our focus on transforming our business by further simplifying our technology and operations, giving us room to grow our business further.

The financial and strategic performance objectives of the members of the Executive Board over the year 2024, as set by the Supervisory Board in January 2024, are aligned with the refined strategic framework.

Customers and distribution

We see our customers as the starting point of everything we do

Weighting CEO: 20% CFO: 20%

Target

Key objectives and achievements:

i. Relational net promoter scores (NPS-r) for the Netherlands and Insurance International in line with market average

- On track: on an aggregated level, NPS-r in the Netherlands was on par with market average and the International business scored above market average.

ii. Successfully execute strategy for the Netherlands on digital, data, technology simplification and engagement platforms

- On track: the agreed strategic items and identified business value for 2023 are delivered and reported within time and budget. These served as a basis for redefining the strategic commitments.

iii. Insurance International: successfully execute strategy on bionic advisor model, data and customer engagement platforms

- On track: strong performance of data enhanced sales support for agents (bionic advisor), supported by recently deployed capabilities, leading to higher sales (Annual Premium Equivalent (APE)) from lead conversion for all business units compared to 2022. Good progress has been made in the Salesforce system implementation as well as in digital use cases.

Products and services

We develop and provide attractive products and services

Weighting CEO: 10% CFO: 25%

Target

Key objectives and achievements:

i. Netherlands Life: expand DC capabilities, both in accumulation and decumulation. Measured by total net flows

- Above target: the total contribution to Assets under Management (AuM) Defined Contribution in Netherlands Life was significantly above target, based on total net inflows of EUR 2.3 billion.

ii. Netherlands Non-life: implement 2025 strategy, measured by implementation milestones of the key strategic programmes

- On track: good results on the established milestones and benefits are higher than expected. On track in the transition towards the strategy 2030 programme (both new and ongoing projects).

iii. NN Bank: Successfully implement Digital Retail Bank strategy (meet key milestones) and originate EUR 6bn in mortgages

- On track: steady progress on strategic initiatives related to data, ESG and streamlining processes with a positive impact on the Banking products and services.
- Below target: NN Bank originated EUR 4.7 billion in mortgages in a competitive, but gradually recovering mortgage market as a result of interest rate movements.

iv. Insurance Europe: continue to shift to protection products for higher customer relevancy and margins, and continue to invest in our main banking partnerships (measured by GWP and VNB)

- Above target: both Gross Written Premiums (GWP) of in-force protection business and Value New Business (VNB) of Bancassurance were above target in 2023, mainly reflecting strong business performance.

v. Japan: continued focus on SME Life protection and long-term savings. Measured by VNB of SME Life protection and long-term savings products

- Below target: the VNB of SME Life protection of Japan Life is below target for 2023, mainly driven by lower sales of cash value insurance products.

vi. Continue to support a solid investment capability build-up

- On track: NN has professionalised its working relationship with its external asset manager(s) following the sale of NN Investment Partners, improved its yearly fund evaluation process and is moving DC investments to dedicated funds/mandates.

vii. Product performance reviews executed on a quarterly basis to ensure they continue to add value to our customers

- On track: in 2023, the overall number of executed product reviews is in line with the annual ambition level and in line with 2022.

People and organisation

We empower our colleagues to be their best

Weighting CEO: 15% CFO: 15%

Key objectives and achievements:

i. Employee engagement of ≥ 7.8 for NN Group for each of the MB members

- On track: the 2023 year-end employee engagement survey resulted in a score of 7.8.
- Colleagues feel connected with our values: care, clear, commit, that they have the right resources and support to be successful working in a hybrid setup, and that their work is valued.

ii. Women in senior management positions ≥ 39%

- Above target: at the end of 2023, 40% of senior management positions in NN Group were held by women.

iii. People Cycle and meaningful conversations including usage on NN Competencies: >95% of the employees have a completed 2022 Year-end review conversation and 2023 Goal Setting

- Above target: the completion of the year-end review of 2022 was 98.2% and the 2023 Goal Setting was 93.8%, leading to an average score of 96%.

iv. Management and execution of workforce transformation activities to overcome the most important gaps in the Netherlands, Insurance International and Group Support Functions

- Above target: at the end of 2023, all businesses with a target have overachieved their objective to upskill at least 50% of their people.

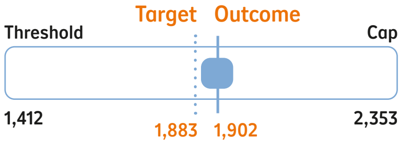
Financial strength

We are financially strong and seek solid long-term returns for shareholders

Weighting CEO: 40% CFO: 25%

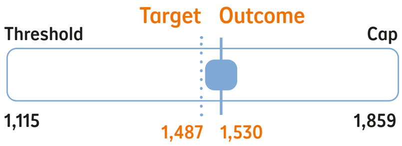
Key objectives and achievements:

i. Operating capital generation (in EUR million)



- Above target: full-year 2023 OCG increased by 13% (excluding the asset management business that was sold in 2022) to EUR 1,902 million from EUR 1,681 million in 2022. The increase in OCG reflects higher contributions from Netherlands Non-life, Banking, the segment Other and Insurance Europe, and a lower contribution from Netherlands Life.

ii. Free cash flow to the holding (in EUR million)



- Above target: full-year 2023 free cash flow of EUR 1,530 million was above target.
- Note that the free cash flow of EUR 470 million is adjusted for the capital injection into Netherlands Life and the capital injection into NN Spain.

iii. The transition to IFRS17, measured by complete and timely availability of information and adequate understanding to manage internal and external stakeholders

- On track: the IFRS17 disclosure is embedded in the business processes.

iv. Department budgets for Control Functions (CFO only)

- On track: for the CFO, additional consideration was given to the budget discipline of the Finance department.

v. Manage risks according to ECF framework requirements and further improve ECF quality where necessary, including inclusion of ESG related risks

- On track: the Effective Control framework (ECF) activities are run according to relevant requirements.
- The ECF quality is considered adequate, with planned further improvements on track. The inclusion of ESG related risks is ongoing.

Society

We contribute to the well-being of people and the planet

Weighting CEO: 15% CFO: 15%

Target

Key objectives and achievements:

i. Continue to drive action plans to reduce GHG emissions of the corporate investment portfolio by 25% by 2025 and by 45% by 2030. Net additions to climate solutions between EUR 550-750m annually to be on track to reach at least EUR 11bn investments in climate solutions by 2030

- On track: Greenhouse Gas (GHG) emissions on corporate investment portfolio are reduced with 10% vs the baseline 2021 and a year on year decline of 15%, mainly driven by sales, maturities and portfolio management decisions.
- Above target: total investments in climate solutions well ahead of target and has reached EUR 10.8 billion, mainly driven by higher-than-expected investments in green bonds and infrastructure debt.

ii. Further implement ESG policies in insurance underwriting and set specific targets to transition the underwriting portfolio to net-zero GHG emissions by 2050

- On track: new targets have been set in relation to the reduction of carbon emissions for insurance underwriting (26% by 2030) and reduction in carbon emission intensity (kgCO_2/m2) associated with residential mortgages.

iii. Reduce GHG emissions of our facilities/offices and business air travel by at least 25% in 2023 (versus 2019) and implement local plans to reduce GHG emissions to meet the 35% reduction target in 2025

- On track: the year 2023 shows an increase in gas consumption and air travel post Covid 19, but still on track to a reduction of CO_2 emissions of our own operations of 35% in 2025.

iv. Develop action plans to further embed sustainability aspects in our products & services with focus to address societal and environmental challenges

- On track: in 2023, a first report on the sustainability portfolio was drafted, based on the Strategic Sustainability Framework. Plans for further embedding sustainability in the business in 2024 have been written, including the transition to business as usual. Roadmap workshops were held in Insurance International and deliverables for local businesses have been established.

v. Support the financial, physical and/or mental well-being of 400K people by 2023 (cumulative 2022-2023)

- Above target: the 2023 ambitions with regard to the number of people supported (>400K), investing 1% of operating result before tax to support relevant initiatives and the number of hours volunteered by NN colleagues have all been reached.

2023 Variable Remuneration award

The Supervisory Board concluded that the Executive Board continued to deliver a strong performance throughout the year 2023. The members of the Executive Board have provided solid leadership through a period of external volatility, underpinned by an overall robust performance for both the financial and strategic objectives.

The overall outcome on the objectives related to the Financial Strength commitment was above target.
The overall outcome in relation to the strategic objectives is also positive, with the overall score of the objectives related to the Products and Services commitment being slightly below target, while the other strategic objectives related to the Customer and Distribution, People and Organisation and Society commitments being above target.

On the basis of the assessment of the Supervisory Board, it was concluded to award David Knibbe in his capacity of chair of the Executive Board and CEO a variable remuneration of 17.3% of his base salary, which is EUR 334,325 and 108% of his variable remuneration target (2022: 97.2% of target) and Annemiek van Melick in her capacity of vice-chair of the Executive Board and CFO a variable remuneration of 17.3% of her base salary, which is EUR 226,541 and 108% of her variable remuneration target (2022: 100.1% of target).

In 2023, there was no hold back applied to unvested deferred variable remuneration nor was claw back applied to paid or vested variable remuneration for any of the Executive Board members.

Remuneration of the Executive Board members (in EUR 1,000 and gross)

	David Knibbe		Annemiek van Melick	
	2023	2022	2023	2022
Base salary in cash	1,548	1,463	1,049	524
Base salary in shares	387	366	262	131
Total base salary	**1,935**	**1,829**	**1,311**	**655**
Variable remuneration	334	284	227	105
Total direct remuneration	**2,269**	**2,113**	**1,538**	**760**
Employer contribution to pension fund	27	25	27	12
Individual savings allowance[1]	421	399	275	139
Other emoluments	106	107	33	191
Employer cost social security[2]	79	78	59	29
Relative proportion base salary versus variable remuneration	85.3%/ 14.7%	86.5%/ 13.5%	85.3%/ 14.7%	86.2%/ 13.8%

1 The individual saving allowance scheme is applicable for both the Executive Board and staff of NN Group in the Netherlands.
2 The employer social security contributions do not impact the overall remuneration received by Executive Board members.

The total remuneration as disclosed in the table above (for 2023: EUR 4.8 million) includes all variable remuneration related to the performance year 2023. Under IFRS-EU, certain components of variable remuneration are not recognised in the profit and loss account directly, but are allocated over the vesting period of the award. The comparable amount recognised in staff expenses in 2023 and therefore included in 'Total expenses' in 2023, relating to the fixed expenses of 2023 and the vesting of variable remuneration of 2023 and earlier performance years, is EUR 4.6 million.

2023 Variable remuneration of the Executive Board members (in EUR 1,000 and gross)

	Upfront cash paid	Deferred cash granted	Upfront shares granted	Deferred shares granted	Total
David Knibbe	67	100	67	100	334
Annemiek van Melick	45	68	45	68	227

Executive Board pension arrangements

The pension arrangement for the members of the Executive Board is the same as the pension arrangement that is applicable to all staff of NN Group in the Netherlands and as of 1 October 2022 comprises an individual defined contribution (IDC) plan up to the annual tax limit EUR 128,810 for the year 2023) and a taxable individual savings allowance on pensionable fixed remuneration exceeding the tax limit.

The table above provides details on the amount of contribution that was paid by NN Group to the pension arrangement of the Executive Board members.

Executive Board other emoluments

The members of the Executive Board were eligible for a range of other emoluments, which may include healthcare insurance, life cycle saving scheme, transportation and external tax advice. The Executive Board members were also able to obtain banking and insurance services from NN Group in the ordinary course of business and on terms that apply to all employees of NN Group in the Netherlands. As at 31 December 2023, the Executive Board members did not have loans outstanding with NN Group regulated entities. No guarantees or advanced payments were granted to the Executive Board members. The table above provides details on the amount of emoluments that was paid by NN Group to the benefit of the Executive Board members.

Long-term incentives awarded in previous years and in 2023 to the Executive Board members

The Executive Board members receive deferred cash and upfront and deferred share awards under NN Group's Aligned Remuneration Plan (ARP). The table below provides a summary of the number of NN Group shares awarded and vested for the Executive Board members during 2023 under the ARP.

Overview of number of NN Group shares awarded and vested for the Executive Board members during 2023

	Plan	Award Date	Outstanding and unvested per 1 January 2023	Awarded during 2023	Vested during 2023	Outstanding and unvested per 31 December 2023	Vesting Price in euros
David Knibbe	Deferred Shares Plan	16 March 2020	1,147	–	1,147	–	33.80
	Deferred Shares Plan	15 March 2021	1,568	–	784	784	34.85
	Deferred Shares Plan	14 March 2022	1,936	–	645	1,291	35.31
	Deferred Shares Plan	13 March 2023	–	2,099	–	2,099	37.00
	Upfront Shares Plan	13 March 2023	–	1,400	1,400	–	37.00
Annemiek van Melick	Deferred Shares Plan	16 March 2020	–	–	–	–	33.80
	Deferred Shares Plan	15 March 2021	–	–	–	–	34.85
	Deferred Shares Plan	14 March 2022	–	–	–	–	35.31
	Deferred Shares Plan	13 March 2023	–	904	–	904	37.00
	Upfront Shares Plan	13 March 2023	–	603	603	–	37.00

The table below shows a summary of the (vested) NN Group shares held by the Executive Board members on 31 December 2023 (including the shares vested during 2023) and 31 December 2022. The total of shares is broken down into shares that may be sold (free) and shares that remain subject to the retention period (restricted). The shares are either awarded as part of base salary or variable remuneration.

NN Group shares held by the Executive Board members

	2023 total	2022 total	2023 free	2022 free	2023 restricted	2022 restricted
David Knibbe	54,828	46,410	21,248	18,437	33,580	27,973
Annemiek van Melick	6,609	2,036	0	0	6,609	2,036

NN Group is dedicated to aligning the interests of the members of the Executive Board with those of the company and its shareholders. This is realised through various ways, including awarding 50% of the variable remuneration in NN Group shares and applying a five-year retention period as from the award date, during which period the shares cannot be sold. Furthermore, 20% of the base salary of the Executive Board members is delivered in the form of NN Group shares, again with a mandatory retention period of five years as from the award date. This way, the Executive Board members build up a substantial interest in NN Group shares, without having formalised share ownership guidelines. As at 31 December 2023, the total value of the shares, based on the year-end share price, equals 12 months of the gross base salary held by the Chief Executive Officer and 2 months of the gross base salary held by the Chief Financial Officer.

Remuneration of the Executive Board members, company performance and average employee remuneration

	2023	2022	2021	2020	2019
Executive Board remuneration (amounts in Euro 1,000 and gross)					
Total direct remuneration David Knibbe	2,269	2,113	2,102	2,059	515
Total direct remuneration Lard Friese[1]					1,061
Total direct remuneration Annemiek van Melick	1,538	760			
Total direct remuneration Delfin Rueda[2]		820	1,682	1,669	1,705
Company performance (amounts in Euro million)					
Operating capital generation	1,902	1,711	1,584	993	1,349
Operating result	2,528	1,743	2,036	1,889	1,794
Solvency II ratio	197%	197%	213%	210%	224%
Average remuneration (amounts in Euro 1,000 and gross)					
Average employee remuneration	92.6	84.3	88.9	90.3	88.6
Pay ratio	31:1	32:1	30:1	30:1	26:1

1 Lard Friese stepped down as member and chair of the Executive Board and CEO of NN Group as of 12 August 2019. His remuneration in the capacity of CEO of NN Group is shown in the table above.

2 Delfin Rueda stepped down as member of the Executive Board and CFO of NN Group as of 1 July 2022. His remuneration in the capacity of CFO of NN Group is shown in the table above.

Pay ratio

The pay ratio compares the total CEO compensation and the remuneration of all staff ('pay ratio') as stated in the Dutch Corporate Governance Code. For the CEO, the total remuneration used in the pay ratio is the total remuneration as disclosed in the Remuneration Report. For the staff members, the total remuneration used in the pay ratio is the total remuneration as disclosed in the the Consolidated annual accounts Note 27 'Staff expenses'. In order to provide a meaningful comparison, the total remuneration of the staff population excludes the remuneration of the CEO of NN Group.

NN Group aims to align with the pay ratio calculation method as prescribed in the Dutch Corporate Governance Code. The pay ratio calculation excludes external staff costs and includes all variable remuneration related to the performance year.

The Supervisory Board considers trends in the pay ratio in its assessment of the compensation of the members of the Executive Board, while Human Resources closely monitors the pay ratio.

Remuneration of the Supervisory Board

As at 31 December 2023, the Supervisory Board was comprised of the following members: Mr Cole, Ms Beale, Mr Jenkins, Mr Lelieveld, Ms Reyes, Mr Schoen and Ms Van der Meer Mohr. More information on the composition of the Supervisory Board and its Committees can be found in the Report of the Supervisory Board, on pages 86–94. The 2023 total remuneration as paid to each of the members of the Supervisory Board is in line with the applicable Supervisory Board Remuneration Policies effective throughout 2023.

The Supervisory Board remuneration policy needs to be submitted to the General Meeting of NN Group for adoption every four years based on Dutch law. The Supervisory Board remuneration policy, including an amendment to the level of the fixed annual fee for the members of the Supervisory Board has been adopted by the General Meeting in June 2023. The Supervisory Board remuneration policy was last fully reviewed in 2020. In the second half of 2023, a thorough review of the remuneration policy took place taking into account the changes in the Dutch Corporate Governance Code, the feedback received from internal and external stakeholders and external market practices. An updated remuneration policy for the members of the Supervisory Board will be submitted for adoption to the General Meeting at the AGM in 2024.

NN Group does not grant variable remuneration, shares or options to the Supervisory Board members. This ensures the independence of the Supervisory Board and is in line with the Dutch Corporate Governance Code. Supervisory Board members may obtain banking and insurance services from NN Group in the ordinary course of business and on terms that are customary in the sector. As at 31 December 2023, the Supervisory Board members did not have loans outstanding with NN Group regulated entities. No guarantees or advanced payments were granted to Supervisory Board members.

In line with market practice, a distinction is made between the fees as provided to the chair, vice-chair and other members of the Supervisory Board. A fixed annual expense allowance is payable to cover all out-of-pocket expenses. Travel and lodging expenses in relation to meetings are paid by NN Group.

The remuneration for the members of the Supervisory Board (in EUR)[1]

	Chair	Vice-chair	Member
Fixed annual fee Supervisory Board	116,000	78,500	71,000
Fixed annual fee for position in Committee	20,000	n/a[2]	15,000
Fixed annual expense allowance to cover out-of-pocket expenses (travel and lodging will be paid)	9,000	9,000	9,000

1 The level of the fixed annual fee for the members of the Supervisory Board is shown in the table above and is effective as from 1 June 2023.
2 There are no vice-chair positions in Supervisory Board Committees.

Fees and allowances of Supervisory Board members[1]

	Fixed annual fees		Total fixed gross expense allowance		Total	
In EUR and gross	2023	2022	2023	2022	2023	2022
D.A. (David) Cole (chair)[2]	143,708	140,500	9,000	9,000	152,708	149,500
P.F.M. (Pauline) van der Meer Mohr (vice-chair)	104,542	–	9,000	–	113,542	–
I.K. (Inga) Beale	97,250	92,000	9,000	9,000	106,250	101,000
H.J.G. (Heijo) Hauser[3]	–	41,923	–	3,462	–	45,385
R.W. (Robert) Jenkins	97,250	92,000	9,000	9,000	106,250	101,000
R.J.W. (Rob) Lelieveld	114,542	105,537	9,000	9,000	123,542	114,537
C.G. (Cecilia) Reyes[2]	107,250	102,508	9,000	9,000	116,250	111,508
J.W. (Hans) Schoen	104,333	109,000	9,000	9,000	113,333	118,000
C.C.F.T. (Clara) Streit[4]	–	35,385	–	3,462	–	38,847
H.M. (Hélène) Vletter-van Dort[5]	42,917	103,000	3,750	9,000	46,667	112,000

1 This table shows the fixed fees and expense allowances for the members of the Supervisory Board of NN Group for 2023 and 2022. Mr Schoen was appointed as Supervisory Board member of Nationale-Nederlanden Levensverzekering Maatschappij N.V. as from 21 January 2020 and Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V. and ABN AMRO Schadeverzekering N.V. as from 15 September 2021. Ms Beale has been appointed as Supervisory Board member of Nationale-Nederlanden Schadeverzekering Maatschappij N.V. and NN Non-life Insurance N.V. as from 8 June 2022 and Mr Lelieveld has been appointed as Supervisory Board member of NN Re Netherlands N.V. as from 14 June 2022. In 2023, the total fees for these roles were EUR 104,750.
2 Mandatory social security and occupational disability contributions in relation to the NN Group Supervisory Board fees are due for Mr Cole, for Ms Beale and for Ms Reyes on the basis of specific local requirements as applicable to the Supervisory Board members. The mandatory employer contributions in relation to 2023 that are made to relevant local institutions amount to EUR 19,690 for Mr Cole, EUR 19,397 for Ms Beale and EUR 7,382 for Ms Reyes. The relevant employee contributions are fully borne by Mr Cole, Ms Beale and Ms Reyes themselves, and the Supervisory Board members are not compensated for that in any way.
3 At the close of the 2022 AGM on 19 May 2022, Mr Hauser's term of appointment as NN Group Supervisory Board member ended.
4 At the close of the 2022 AGM on 19 May 2022, Ms Streit stepped down as member of the NN Group Supervisory Board.
5 At the close of the 2023 AGM on 2 June 2023, Ms Vletter-van Dort's term of appointment as NN Group Supervisory Board member ended.

Conformity statement

The Executive Board is required to prepare the annual accounts and the Report of the management board (bestuursverslag) of NN Group N.V. for each financial year in accordance with applicable Dutch law and the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

As required by section 5:25c paragraph 2(c) of the Dutch Financial Supervision Act, each of the signatories hereby confirms that to the best of his knowledge:

- The NN Group N.V. 2023 annual accounts, as referred to in section 2:361 of the Dutch Civil Code including the relevant additional information as referred to in section 2:392 paragraph 1 of the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial position and profit or loss of NN Group N.V. and the enterprises included in the consolidation taken as a whole.
- The NN Group N.V. 2023 Report of the management board (bestuursverslag), as referred to in section 2:391 of the Dutch Civil Code, gives a true and fair view of the position at the balance sheet date, and the development and performance of the business during the 2023 financial year of NN Group N.V. and the enterprises included in the consolidation taken as a whole, together with a description of the principal risks NN Group N.V. is confronted with.

With reference to best practice provision 1.4.3(i), (iii) and (iv) of the Dutch Corporate Governance Code, the Executive Board hereby confirms that, to the best of its knowledge:

- The NN Group N.V.'s description of its risk management organisation and framework as described in the Report of the management board (bestuursverslag) including Note 50 Risk management to the Consolidated annual accounts provides sufficient insights into any material failings in the effectiveness of the internal risk management and control systems with regard to, in any case, the strategic, operational, compliance and reporting risks as referred to in best practice provision 1.2.1 of the Dutch Corporate Governance Code.
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis.
- The NN Group N.V. 2023 Report of the management board (bestuursverslag) includes the material risks as referred to in best practice provision 1.2.1 of the Dutch Corporate Governance Code, and the uncertainties, to the extent that they are relevant to the expectation of NN Group N.V.'s continuity for the period of 12 months after the preparation of the report.

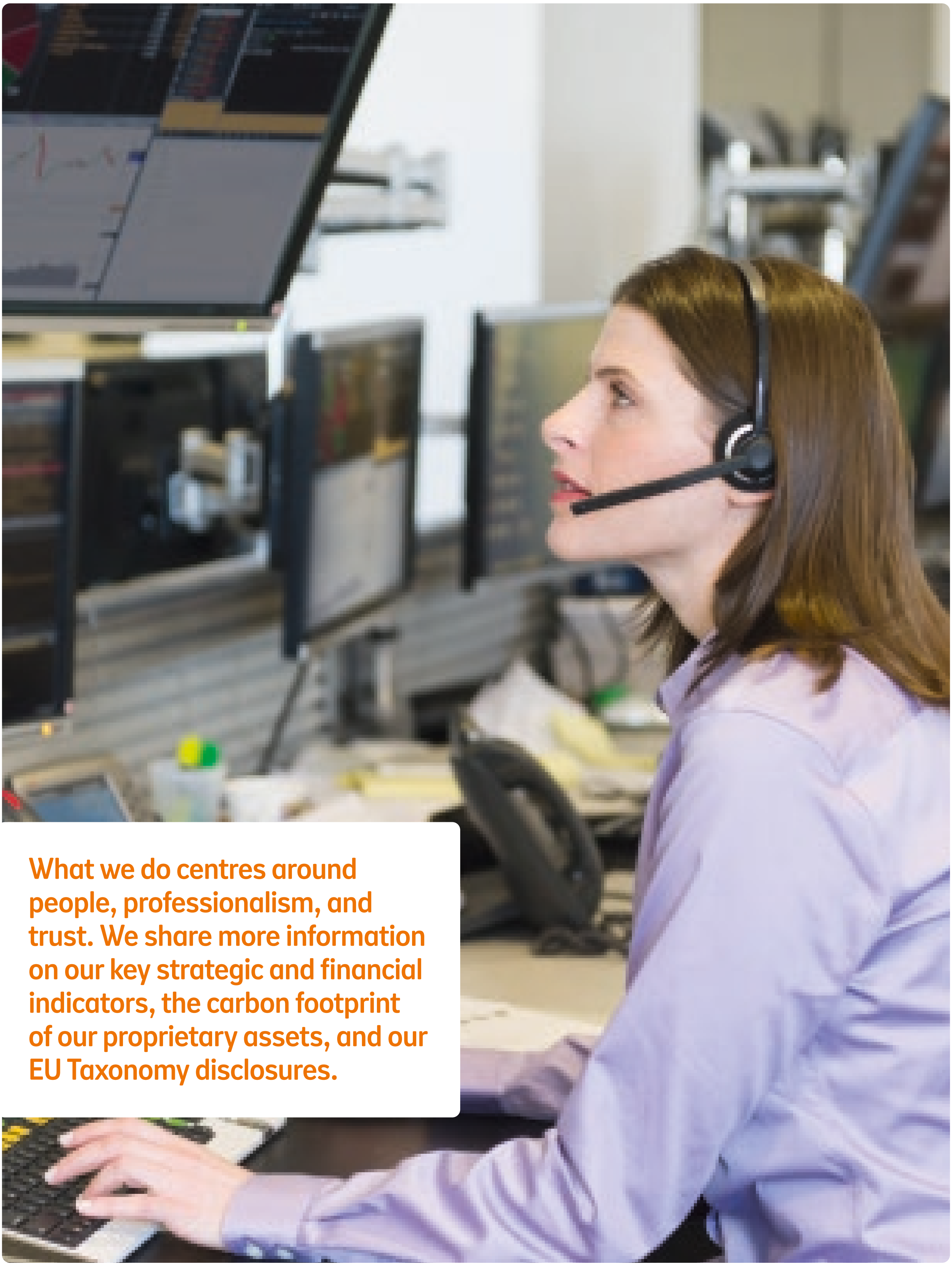
The Executive Board of NN Group N.V. assessed the effectiveness of the internal control over financial reporting during 2023. Based on the Executive Board's assessment, with reference to best practice provision 1.4.3(ii) of the Dutch Corporate Governance Code, the Executive Board of NN Group N.V. concluded that the risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies.

The Hague, 20 March 2024

David Knibbe
CEO, chair of the Executive Board

Annemiek van Melick
CFO, vice-chair of the Executive Board

7 Facts and figures



What we do centres around people, professionalism, and trust. We share more information on our key strategic and financial indicators, the carbon footprint of our proprietary assets, and our EU Taxonomy disclosures.

Key strategic and financial indicators

Key financial indicators (in EUR million)

	2023	2022	2021
Operating result[1]	2,528	2,350	2,036
Net result (after minority interests)[1]	1,172	1,634	3,278
Operating capital generation	1,902	1,711	1,584
Solvency II ratio	197%	197%	213%
Value of new business	330	432	428
Dividend (per ordinary share, in EUR)	3.20	2.79	2.49
NN Group share price (last trading day of the year, in EUR)	35.75	38.16	47.61

1 Amounts for 2022 are restated for the impact of IFRS 9 and 17. Amounts for 2021 are as published earlier and are not restated for the impact of IFRS 9 and 17.

Key strategic indicators

	2023	2022	2021
Insurance businesses NPS compared with market average			
– Relational Net Promoter Score Netherlands (NPS-r)[2]	On par	On par	n/a
– Relational Net Promoter Score International (NPS-r)	Above	On par	n/a
Employee engagement	7.8	7.9	7.7
– participation in the engagement survey[3]	84%	82%	83%
Women in senior management positions[4]	40%	40%	34%
Investments in climate solutions (EUR billion)	10.8	8.2	5.0
Contribution to our communities (cumulative number of people supported since 2022)[5]	400,880	229,279	n/a

2 Customer engagement (NPS) covers all markets.
3 Employee engagement score and the percentage of participation consists of internal and external employees.
4 In 2020, the target group for this indicator was adjusted to Management Board and Management Board minus one managerial position (instead of the composition of our Senior Leaders Group).
5 In 2022 we set a new target: supporting 1 million people in their financial, physical and mental well-being by 2025. The number of people supported in 2021 does not count towards the target. In 2023, we supported 120,705 people in their financial well-being and 50,896 people in their physical and/or mental well-being.

Sustainability indices and ratings

	2023	2022	2021
Indices			
Dow Jones Sustainability Index (out of 100)	70 (Included)	80 (Included)	80 (Included)
FTSE4Good	(Included)	Included	Included
Bloomberg Gender-Equality Index	Included	Included	Included
Ratings and benchmarks			
Sustainalytics[6]	18.5/100 (low risk)	14.7/100 (low risk)	15.2/100 (low risk)
MSCI	AA	AA	AA
ISS ESG research	C	C+	C+
CDP	B	B	B
World Benchmarking Alliance financial system benchmark[7]		8th position	
VBDO (Ranking of Responsible Investments by Insurers in the Netherlands)[8]	4th position		

6 Sustainalytics provides ESG Risk Ratings scoring companies on their ESG risks from negligible (0-10), low (10-20), medium (20-30), high (30-40) to severe risk (40-100).
7 The World Benchmarking Alliance financial system benchmark assessment takes place once every two years. The 2022 assessment ranked NN Group 8th out of 395 financial institutions and 2nd in the Insurance Sector.
8 VBDO 4th out of 20 for Ranking of Responsible Investments by Insurers in the Netherlands and 2nd out of 51 on Tax Transparency Benchmark.

Key strategic and financial indicators continued

Responsible investment indicators

	2023	2022	2021
Voting			
Shareholders meetings where we voted[1]	46	50	3,307
– as % of total votable meetings	96%	100%	97%
Agenda items on which we voted	594	686	35,985
How we voted on agenda items (%)			
– for	92%	89%	83%
– against	7%	10%	15%
– abstain/other	1%	1%	2%
Countries where we voted	11	11	61
Shareholder resolutions on which we voted by topic	2	3	568
– environmental	1	1	68
– social	0	0	112
– governance	1	2	388
GRESB Real Estate Assessment scores[2]			
Private real estate – portfolio average (vs. benchmark average)	90 (81)	86 (78)	87 (78)

1 Decrease due to the sale of NN Investment Partners.
2 NN calculates the GRESB scores on a value-weighted basis, and compares these to the relevant benchmark average. Scores are on a scale of 1 to 100. The real estate portfolios are part of NN Group's proprietary assets.

Investments in climate solutions (in EUR million)

	2023	2022	2021
Renewable energy investments	1,255	792	567
– of which: Infrastructure equity	354	250	44
– of which: Infrastructure debt	901	542	523
Certified green buildings[1]	5,323	5,198	3,817
– of which: Equity investments	4,722	4,454	3,236
– of which: Debt investments	601	744	581
Green bonds	4,091	2,113	637
Other	83	64	41
Total	**10,752**	**8,167**	**5,062**

1 Buildings within NN's non-listed real estate portfolio; the residential mortgage portfolio of NN Group is not covered in this category.

To support our Paris Alignment strategy, NN Group has developed an internal framework to define 'climate solutions investments' as part of its proprietary investments portfolio. We have defined climate solutions as investments in economic activities that contribute substantially to climate change mitigation or adaptation. Please refer to the glossary on page 365 for the definitions used.

As a step in classifying climate solutions investments, and in line with guidance from the IIGCC Paris Aligned Investment Initiative, we focused on SDG 7-related areas of energy efficiency and renewable energy. Furthermore, we supported our definitions with external certifications, asset labels and environmental standards where possible and relevant.

Estimated avoided emissions

By investing in climate solutions, NN aims to contribute to climate change mitigation and adaptation. We have developed a framework to better understand the positive impact that investees we invest in through our investments in climate solutions have on the environment. As an indicator of our positive impact, we report on the estimated avoided greenhouse gas (GHG) emissions for each investment category in our climate solutions portfolio. We stress that this calculation is in no way used as an offset in the carbon footprint calculation of our investments. Nor does it take into account any negative impact that our climate solutions investments may have on society or the environment. But it is our intention to further analyse these areas over the coming years.

Climate solutions[1]	2022 (EUR million)	Estimated emissions avoided ($ktCO_2$)[2,3]	% of climate solutions portfolio estimated data[4]	Data quality[5]
Renewable energy investments				
– of which: Infrastructure equity	250	49	76%	Score 3
– of which: Infrastructure debt	542	278	90%	Score 3
Certified green buildings				
– of which: Equity investments	4,454	20	51%	Score 2 – Score 4
– of which: Debt investments	744	(1)	67%	Score 3 – Score 4
Green bonds	2,113	419	46%	Not classified
Other	64	5	43%	Not classified
Total	**8,167**	**770**	**55%**	

1 As defined in Investments in Climate Solutions in the Annual Report, page 365.
2 Sustainability and impact data are reported with a significant time lag. We therefore estimated the amount of avoided emissions over 2022 as this is the latest available data.
3 GHG emissions can be avoided, reduced or sequestered.
4 Estimated emissions avoided in parenthesis are negative primarily due to data quality. Estimation in certified green buildings debt investments rests upon estimated emission intensity based upon property's energy ratings as opposed to actual emission intensity used in equity investments. In some countries and sectors, the energy rating required to achieve better estimated emission intensity than the average emission intensity of that particular country and sector is higher than EPC label A, which is the minimum threshold for a property to be included in climate solutions. In the same countries and sectors, but for equity investments where we have access to actual emission intensity, this is not the case.
5 Proportion of the respective climate solution portfolio for which avoided emissions have been estimated. The reasons for lower than 100% figures vary. They could be non-applicability of estimated emissions avoided as a KPI to some investments, low data quality in estimation, missing data, assets not yet reporting or in wind-down.
6 As defined by PCAF. Score 1 is considered the highest, while Score 5 is considered the lowest.

Estimated avoided emissions are hypothetical emissions that we presume were avoided due to investments in climate solutions. Emissions avoided were calculated according to an internally developed methodology based on commonly used industry guidelines available at the publication of this report. Please refer to the glossary on page 366 for the definitions used. All estimated avoided emissions' figures are proportioned to NN's share of financing in the investment.

Key strategic and financial indicators continued

Human capital indicators[1]

	2023	2022	2021
Workforce (end of year)[2]			
Total full-time equivalents (FTEs)	15,990	15,667	15,168
Total number of employees (headcount)	16,364	16,104	15,417
– Netherlands Life	2,217	2,210	2,152
– Netherlands Non-life	4,394	4,407	3,668
– Banking	1,072	1,035	971
– Insurance Europe	5,623	5,554	4,698
– Japan Life	1,020	972	888
– Asset Management			952
– Other	2,038	1,926	2,088
Part-time employees	18.5%	19.3%	17.0%
Temporary employees	7.2%	6.7%	6.0%
Average years of service	11.6	11.8	12.1
Male/female ratio	50/50	49/51	52/48
Male/female ratio managers	60/40	60/40	63/37
Male/female ratio in senior management group[3]	60/40	60/40	66/34
Well-being and engagement			
Sick leave	3.7%	3.8%	3.3%
Engagement score	7.8	7.9	7.7
Participation in engagement survey[4]	84%	82%	83%
Grievances on labour practices	14	8	6
Employee participation			
Employees covered by Collective Labour Agreement (CLA)	65.6%	66.6%	71%
Employees represented by an employee representative body	85.7%	85.5%	84.8%
Formal meetings held with employee representative bodies	163	203	200
Talent development			
Total spending on training and development (in EUR million)	15.8	15.5	14.7
Spending/average FTE[5] (in EUR)	1,026	982	959
Human capital return on investment[6] (in EUR)	2.8	2.8	2.5
Employees with completed standard performance process	96.6%	97.6%	96.7%

1 The scope of the Human Resources data is all business units, representing 99.3% of our total organisation.
2 Figures do not include NN's share in Heinenoord.
3 In 2020, the target group for this indicator was adjusted to Management Board and Management Board minus one managerial position (instead of the composition of our Senior Leaders Group).
4 Employee engagement score and the percentage of participation consists of internal and external employees.
5 The average FTE used for this calculation is higher than both the 2022 FTE and the 2021 FTE. This is because the 2021 FTE did not contain the FTE of Heinenoord, Qare and Metlife Greece, which were included as of January 2022. The 2022 FTE is lower than the FTE of January mainly because of the divestment of NN IP.
6 Human capital ROI is calculated as: (operating result + employee expenses)/employee expenses.

Key strategic and financial indicators continued

Human capital indicators continued

	2023	2022	2021
Employee turnover			
New hires	2,181	2,912	1,963
Employee turnover	11.8%	12.1%	12.4%
– voluntary employee turnover	7.1%	8.2%	6.9%
– involuntary employee turnover	4.7%	3.9%	5.5%
Open positions filled by internal candidates	30.6%	25.6%	27.6%
Whistleblower cases[1]	29	17	1
– of which investigated by Corporate Security & Investigations[2]	3	2	1
Other incidents and concerns	48	51	41
Measures taken, related to:	5	2	2
– fraud (and alleged fraud)	3	1	0
– unethical behaviour	2	1	2
– conflict of interest	0	0	0
Employee compensation			
Total employee wages and benefits (in EUR million)	1,664	1,561	1,607
Ratio of CEO compensation to the average employee compensation[3]	31:1	32:1	30:1

1 In 2023, five disciplinary actions were taken on reported whistleblowing cases, please refer to page 61 for more details on reporting misconduct.
2 From 2022 onwards, the number of whistleblower reports are the reports received in the new Speak Up system. The topics raised ranged from unethical behaviour between colleagues and internal fraud to improper handling of confidential information.
3 NN Group aims to align with the pay ratio calculation as prescribed in the Dutch Corporate Governance Code. The pay ratio calculation excludes external staff costs and includes all variable remuneration related to the performance year. For more information, refer to the Remuneration Report on page 112.

Community investment indicators

	2023	2022	2021
Total number of people supported[4]	171,601	229,279	21,525
Cumulative progress on target of people supported (2022-2025)	400,880	229,279	
Total contribution to our communities (x EUR 1,000)	20,098	12,804	8,000
% of operating result before tax	1.1	0.7	0.4

4 In addition to the contribution to our communities, in 2022 we set a new target: supporting 1 million people in their financial, physical and mental well-being by 2025. Therefore, the number of people supported in 2021 does not count towards the target. In 2023, we supported 120,705 people in their financial well-being and 50,896 people in their physical and/or mental well-being.

Key strategic and financial indicators continued

Environmental indicators

	2023	2022	2021
Emissions category (in kilotonnes)			
Grand total GHG emissions (includes market-based scope 2)[1]	10	9	9
Grand total GHG emissions (includes location-based scope 2)[1]	15	13	14
Total scope 1 and market-based scope 2 emissions	7	7	9
Total scope 1 and location-based scope 2 emissions	11	10	13
Scope 1	4	4	4
Operational road travel	3	3	3
Natural gas [2]	1	0	1
Scope 2: Market-based[3]	3	3	5
Electricity	3	3	4
District heating	1	1	1
Scope 2: Location-based[4]	7	7	9
Electricity	7	6	8
District heating	1	1	1
Scope 3	3	2	0
Business travel (only air)	3	2	0
Other indicators			
Total (market-based) GHG emissions (in tonnes)/FTE	0.7	0.6	0.6
GHG emissions offset[5]	10	9	8
Energy consumption			
Total energy consumption (mWh x 1000)	33	28	36
Non-renewable electricity[6]	7	7	10
Renewable electricity	15	11	13
– renewable electricity as % of total electricity	69%	61%	57%
Natural gas[7]	5	2	5
District heating	7	8	8
Paper			
Total paper use (tonnes)	124	196	238
– sustainable paper	104	80	132
– sustainable paper as % of total paper	83%	41%	55%
Waste			
Total waste (tonnes)[8]	376	261	285
– recycled waste	179	168	207
– recycled waste as % of total waste	48%	64%	73%

1 Includes the principal subsidiaries and excludes the entities AZL, Heinenoord, HCS and Zicht. In 2023 Turkey is excluded.
2 Increase in 2023 is caused by increased coverage and improvement in data quality.
3 Based on the type of electricity that NN has chosen to purchase.
4 Based on the average emission factors of the local grid.
5 Current emissions in scope for offsetting include scope 1, scope 2: market-based and scope 3 business travel (only air). The amount offset is not adjusted based on past recalculations.
6 Includes electricity by nuclear sources.
7 Increase in 2023 is caused by increased coverage and improvement in data quality.
8 For 2023, no information was available for Belgium and Poland. Increase is caused by improvement in data quality.

Carbon footprint proprietary assets

To achieve NN Group's decarbonisation objectives, we closely monitor the greenhouse gas (GHG) emissions related to our organisation's activities. This process includes both the direct emissions of our internal operations (see page 53) and the indirect emissions associated with our investment portfolio. When examining the carbon footprint of our investment portfolio, we focus on NN Group's proprietary assets, which are the investments listed on our balance sheet that we hold for our own account.

In 2023, the carbon intensity (scope 1 and 2) of our corporate investment portfolio decreased to 112 tonnes CO_2e per EUR million invested. This represents a 10% reduction compared to our 2021 baseline, and a year-on-year decline of 15%. The decrease in emissions compared to the previous year is a result of various factors, including changes in portfolio holdings stemming from our Paris Alignment strategy, as well as other portfolio management decisions. Changes in the emission intensities of existing portfolio companies also played a role, although to a lesser extent.

In addition, we have observed a reduction in the carbon intensity of our other asset classes as well. Our mortgage portfolio's carbon intensity, measured in kg of CO_2e per m^2, decreased by 3% compared to last year, resulting in a level 12% lower than our baseline year of 2021. Similarly, our government bond portfolio and real estate portfolio had year-on-year declines in carbon intensity, measured in tonnes of CO_2e per EUR million, of 4% and 12%, respectively.

Breakdown of assessed assets

Financed emissions of NN Group's proprietary assets

	Total assessed assets* (in EUR billion)	Financed emissions (kilotonnes of CO_2e)		Carbon intensity (tonnes of CO_2e per EUR million invested)		Coverage (% of assessed assets)	PCAF Data Quality Score (1-5)	
2023		Scope 1 + 2	Scope 3	Scope 1 + 2	Scope 3		Scope 1 + 2	Scope 3
Fixed Income Corporate	24	2,785	19,773	117	833	88%	1.2	2.9
Equity	3	241	1,809	73	552	100%	1.3	3.7
Corporate Total	27	3,026	21,583	112	799	89%	1.2	3.0
Residential Mortgages	53	475	n/a	9	n/a	100%	3.5	n/a
Real Estate ****	10	19	47	2	5	85%	2.0	2.0
Total excl. Government**	91	3,520	n/a	39	n/a	95%	2.6	n/a
Government Bonds***	38	7,770	n/a	206	n/a	100%	1.1	n/a
2022		Scope 1 + 2	Scope 3	Scope 1 + 2	Scope 3		Scope 1 + 2	Scope 3
Fixed Income Corporate	25	3,484	22,273	137	894	90%	n/a	n/a
Equity	3	289	2,381	89	684	98%	n/a	n/a
Corporate Total	28	3,725	24,654	131	868	91%	n/a	n/a
Residential Mortgages	53	515	n/a	10	n/a	100%	3.5	n/a
Real Estate ****	11	23	50	2	5	88%	2.0	2.0
Total excl. Government**	92	4,263	n/a	46	n/a	97%	n/a	n/a
Government Bonds***	40	8,490	n/a	215	n/a	99%	1.1	n/a

* The total assessed assets represent the assets in scope for the carbon footprint report. This number may be smaller than the total assets in our portfolio if carbon measurement methodologies for certain instrument types have not been developed. An example is municipal bonds within our government bond portfolio.

** In order to align with the updated PCAF guidelines we now show totals excluding government bonds to avoid double counting of emissions. Refer to section 'methodology enhancements' for more information. Due to the variation in the scope and definition of Scope 3 across different asset classes, we believe it is not meaningful to report aggregated numbers for Scope 3.

*** Government bond emission figures have been restated to align with the updated PCAF guidelines. For government bonds we report scope 1 emissions excluding the effects of land use, land use change and forestry. A comprehensive explanation of the methodology used for government bonds, can be found in the sub-section dedicated to government bonds.

**** Real estate emission figures for 2022 have been restated to incorporate restatements by underlying funds that were done during the year.

Methodology enhancements

Our methodology follows internationally recognised standards such as the GHG Protocol and the Global GHG Accounting and Reporting Standard for the Financial Industry from the Platform Carbon Accounting Financials (PCAF). In 2023, we updated our methodology for sovereign bonds to align with the updated PCAF standard and improve reporting quality. To avoid issues with double counting of emissions, we report on our government bond emissions separate from the rest of our portfolio in accordance with PCAF standards. We also extended our measurement to include scope 3 data for corporate investments and real estate. For more background, please refer to the case study. Finally, where possible, we have added PCAF Data Quality Scores ranging from 1 (highest quality) to 5 (lowest quality) to indicate the quality of data used in the calculation.

As we continue to improve our data and refine our approach, our methodology may evolve further over time. Read more on our methodology in the Glossary on pages 365–372. Next to an overview of the methodologies used per asset class, the Glossary also contains an explanation of our baseline recalculation policy for GHG emission targets.

What are scope 3 emissions?

The Greenhouse Gas (GHG) Protocol categorises GHG emissions into three categories. Scope 1 emissions include the GHG emissions that a company has direct control over, such as emissions from its own production processes or facilities. Scope 2 emissions include the indirect GHG emissions that arise from a company's use of purchased energy, such as electricity or heat. Scope 3 emissions encompass all other GHG emissions that are a consequence of a company's activities but occur outside of its operational boundaries.

In many cases, scope 3 emissions make up the vast majority of a company's total emissions. In fact, research has shown that these indirect emissions are on average up to 11.4 times higher than a company's operational emissions (source: CDP Global Supply Chain Report 2021). The relevance of scope 3 emissions varies by sector. In the automotive sector, for example, they are very relevant as most of the emissions are released during fuel combustion in the 'use phase' of the product (scope 3) rather than during the production of the car. In other sectors, such as cement production, the focus is more on scope 1 reduction as most emissions are released during the production process itself.

It is therefore essential for companies to evaluate their scope 3 emissions alongside their scope 1 and 2 emissions and assess their role in managing and reducing these emissions. However, measuring scope 3 emissions can be a significant challenge for companies. Scope 3 emissions encompass all emissions within the value chain and can be categorised into 15 sub-categories, requiring significant data gathering processes. This complexity has led to data quality concerns as data is often incomplete, and estimation models have proven to be imprecise. Moreover, scope 3 reporting on a portfolio level inherently leads to double counting of emissions, as one company's scope 1 emissions can be another company's scope 3 emissions.

To address these issues, for the financed emissions of our investment portfolio we report on scope 3 emissions separately from scope 1 and 2. This is in accordance with PCAF recommendations to ensure transparency, while also avoiding double-counting issues. We recognise the challenges in measuring scope 3 emissions but believe it is essential to report on them given their real-world impact and the majority of emissions they represent for any investment portfolio. We aim to improve the quality and reliability of scope 3 data through our active involvement in financial sector initiatives and company engagements.

Scope

When assessing the carbon footprint of our investments, we focus on our proprietary assets, which are the assets we hold for our own account and where we run the investment risk. These assets include the general account investment portfolio of the insurance entities, the assets of NN Bank (primarily residential mortgages) and the holding companies within NN Group. Together, these assets comprise approximately 77% of the IFRS balance sheet.

Not included in this carbon footprint analysis are the separate account assets of the insurance entities that are on the balance sheet. For these assets, the policyholders bear the investment risk. These separate account assets consist of primarily unit-linked portfolios as well as certain group pension business in the Netherlands. Furthermore, our insurance and bank operations also offer customer propositions such as defined contribution pensions, and (retail) investment products. These assets managed for third parties are not included on the balance sheet and are not part of this carbon footprint analysis.

Coverage

The December 2023 analysis includes the following asset categories: government bonds, corporate investments, residential mortgages and real estate investments. The residential mortgages considered in the assessment are those originated and/or serviced by NN Bank. Taken together, the total proprietary assets that have been assessed is EUR 128 billion. This represents approximately 80% of the proprietary asset portfolio on our balance sheet.

Assets that are not (yet) assessed broadly fall into three categories. First of all there are assets such as cash and derivatives (primarily FX and interest rate) for which measuring the carbon footprint is not appropriate or feasible. In total these assets make up approximately 7% of our proprietary portfolio. In addition, there are asset categories for which there currently is a lack of established methodologies and data, this concerns mostly sub-sovereign bonds, such as municipality and agency debt, which represent approximately 4% of our proprietary portfolio.

The remaining 10% of our proprietary portfolio comprise assets not yet measured for other reasons and include among others asset-backed securities, non-corporate loans, residential mortgages from external originators, infrastructure investments, and private equity. We are currently developing Paris Alignment strategies for our infrastructure and private equity investments and as part of this process we are exploring ways to gather emission data for these asset classes. In addition to this, we are exploring options to obtain data and assess the carbon footprint for externally originated mortgages.

Limitations

To ensure the relevance of our Paris Alignment strategy to real-world decarbonisation efforts, we continuously improve our methods and data sources. We have expanded our GHG emissions reporting to include scope 3 emissions for corporates and real estate. However, the limited amount of corporate disclosure and lower data quality of reported data for scope 3 emissions can impact the accuracy of scope 3 GHG emissions reporting.

Another challenge we face in evaluating the carbon emissions of our investment portfolio is the time lag in emissions data. This time lag differs per asset class. For sovereign and corporate investments the data lag is two years, for real estate the lag is one year while the mortgage data is based on last years emission figures. As a result of this, there is a delay in reflecting actual changes in emissions for our investment portfolios. It is therefore important to note that the carbon footprint provides a snapshot and may not fully reflect an entity's transition to a low-carbon economy. To address this issue, we include a forward-looking view of companies' decarbonisation strategies in our investment process, which is discussed in more detail on pages 49–54. Our decarbonisation strategy is based on a combination of historical carbon footprint data presented in this report and forward-looking indicators.

Finally, we are in the process of further improving the accuracy of residential mortgage carbon footprint data. Currently, our method relies on theoretical average consumption data, which may not accurately reflect actual consumption patterns. To address this limitation, we have partnered with TNO, a leading Dutch research organisation focused on sustainability and innovation, to identify solutions for obtaining actual consumption data.

Carbon footprint of corporate investments

The financed emissions for a corporate portfolio are based on the amount we as an investor have invested relative to the issuer's enterprise value. That is, it is the share of the company's emissions that can be attributed to NN Group based on the amount we have invested in the company.

As of this year, we report on three GHG emission scopes: scope 1, 2 and 3. We do so based on emissions data that is sourced from our data vendor ISS ESG. To ensure full transparency, while at the same time avoiding potential double-counting issues, we report scope 3 emissions separately from scope 1 and 2 emissions. Read more on the difference between these scopes and the reason for incorporating scope 3 emissions in the case study on page 134.

Data coverage of our corporate portfolio currently stands at 89%, with data availability varying across security types. Coverage is typically lowest for smaller companies without a public listing, and in particular for corporate loans; which, however, only represent a small portion of our corporate investment portfolio. Note as well that approximately 5% of our corporate bond portfolio consists of green bonds which typically direct proceeds towards low-carbon initiatives. As there is currently no widely accepted way to account for the unique characteristics of green bonds, we report on these bonds as if they are regular bonds to maintain consistency in our reporting methodology.

The absolute financed emissions of our corporate investment portfolio per year-end 2023 was 3,026 kilotonnes CO_2e, a decline of 19% compared to 2022. Additionally, the carbon intensity decreased by 15% to 112 tonnes CO_2e per EUR million invested. Compared to our target-setting baseline year of 125 tonnes CO_2e per EUR million invested in 2021, the reduction was 10%.

The decrease in emissions compared to the previous year is a result of various factors, including changes in portfolio holdings stemming from strategic decisions outlined in our Climate Action Plan, such as our coal phase-out strategy and oil & gas policy, as well as other portfolio management decisions. Additionally, changes in the emission intensities of existing portfolio companies played a role, although to a lesser extent.
In the coming years, we expect the contribution of decarbonisation of portfolio companies to increase, as a result of our focus on companies with best-in-class decarbonisation strategies in combination with ongoing engagement efforts to encourage the transition to a low-carbon economy. This remains an essential aspect of NN's long-term decarbonisation strategy, as we aim to achieve real-world decarbonisation. Read more on our Paris Alignment Strategy for our corporate investment portfolio on pages 49–51.

We also report the Weighted Average Carbon Intensity (WACI) of our portfolio, which measures a portfolio's exposure to carbon-intensive companies by revenue, expressed in tonnes of CO_2e per EUR million revenue. This metric declined by 34% versus the prior year. This decrease was more pronounced because it was amplified by a material increase in corporate revenues across portfolio companies. Finally, scope 3

Overview of financed emissions related to NN Group's corporate portfolio

	Total assessed assets (in EUR billion)	Financed emissions (kilotonnes of CO_2e)		Carbon intensity (tonnes of CO_2e per EUR million invested)		Weighted Average Carbon Intensity (tonnes of CO_2e per million EUR revenue)		Coverage (% of assessed assets)	PCAF Data Quality Score (1-5)	
		Scope 1 + 2	Scope 3	Scope 1 + 2	Scope 3	Scope 1 + 2	Scope 3		Scope 1 + 2	Scope 3
Fixed Income Corporate	24	2,785	19,773	117	833	169	1,276	88%	1.2	2.9
Equity	3	241	1,809	73	552	127	901	100%	1.3	3.7
Corporate Total – 2023	27	3,026	21,583	112	799	163	1,293	89%	1.2	3.0
Corporate Total – 2022	28	3,725	24,654	131	868	247	1,293	91%	n.a	n.a
YoY Change 2022/2023	**-5%**	**-19%**	**-12%**	**-15%**	**-8%**	**-34%**	**0%**			

intensity of our portfolio also decreased by 8%. However, we caution against drawing significant conclusions from this number due to the large use of estimated data, which results in low data quality as seen in the PCAF Data Quality Scores of 2.9 and 3.7 for Fixed Income and Listed Equity investments, respectively.

Carbon footprint of government bonds

In 2023, we updated our methodology for government bonds to align with the revised methodology prescribed by the PCAF. The Global GHG Accounting and Reporting Standard for Financed Emissions was updated by the PCAF on 14 December 2022, which included a significant revision of the methodology for calculating financed emissions associated with investments in sovereign debt.

This new approach allows us to account for a more holistic view of a sovereign's responsibility in generating emissions and aligns more closely with the UNFCCC national emissions inventory, which forms the basis of the Paris Agreement. Under this approach, a sovereign is treated as a national territory, and its direct (scope 1) emissions are attributed to emissions generated within its boundaries.

We also considered expanding the scope to include net imported electricity (scope 2) and non-energy imports (scope 3), which is referred to as the 'consumption approach'. However, implementing this approach would have had significant impact on data quality, resulting in an additional two-year time lag, a substantial increase in estimated data, and lower coverage. Therefore, for now we are reporting based on the production approach which allows us to report with higher confidence in the quality of the underlying data.

Similar to corporate financed emissions, sovereign financed emissions represent the share of a country's emissions that can be attributed to NN Group based on the amount we have invested in the sovereign. As there is no 'total market value of a country', it is market practice to use a proxy to attribute the right amount of emissions to an investment. According to the recently updated PCAF standard, we divide the total amount we have invested by the PPP-adjusted GDP of a country to calculate financed emissions, where the latter then serves as a proxy for the borrower's economic scale.

In addition to a change in methodology, we have also revised the way we present sovereign emission data. Starting this year, we report sovereign emissions separately from corporate emissions. This is because due to the change to a territorial approach, emissions generated within countries would be double accounted if we account for them in our sovereign as well as our corporate and real estate investments. Furthermore, in line with PCAF requirements, NN reports sovereign emission data including and excluding land use, land use change and forestry (LULUCF) emissions. The figures that include LULUCF emissions take into account the role of land use and forestry as a carbon sink.

Finally we note that approximately 5% of our government bond portfolio consists of green bonds. Since there is no widely accepted way to account for the unique characteristics of green bonds, we report them as regular bonds to maintain reporting consistency.

We have restated our 2022 numbers in line with the above-mentioned methodological changes. Due to the significant changes in the approach, it is not possible to compare the current methodology with the previous one. As shown in the table below, the carbon intensity of our sovereign portfolio emissions excluding LULUCF decreased by 4%, and by 3% when accounting for the carbon sink effects of land use, land use change and forestry. The decrease can be attributed to the ongoing decrease in emission intensity in developed markets.

Carbon footprint of real estate investments

The reporting of our non-listed real estate investment portfolio comprises the direct engine, over which we have direct ownership, and the indirect engine, which includes funds. NN requires all real

Overview of financed emissions related to NN Group's government bond portfolio

Year	Total assessed assets (in EUR billion)	Financed emissions (kilotonnes of CO_2e)		Carbon intensity (tonnes of CO_2e per EUR million invested)		Coverage (% of assessed assets)	PCAF Data Quality Score (1-5)
		Scope 1 incl. LULUCF	Scope 1 excl. LULUCF	Scope 1 incl. LULUCF	Scope 1 excl. LULUCF		
2022	40	8,010	8,490	203	215	99%	1.1
2023	38	7,393	7,770	196	206	100%	1.1
YoY Change	-5%	-8%	-8%	-3%	-4%		

estate asset managers to participate in the GRESB Real Estate assessment, which provides us with emissions data. GRESB requires participants to report on actual building energy consumption and calculate GHG emissions based on the average emissions intensity of the grids on which the energy is consumed (using mostly grid-average emission factor data provided by participants). Emission factors are determined based on geographic locations. This reporting corresponds to Score 2 of the PCAF Standard.

In the carbon footprint analysis of our real estate portfolio, three scopes are relevant. Scope 1 and 2 emissions are under the control of the owner of the buildings (i.e. the landlord), who can introduce and implement operating and/or environmental policies and measures. However, in some cases, tenants hold the energy contracts directly. In that case, the energy consumption of the tenants falls under scope 3 where the owner or landlord has no operational control. Considering that the energy consumption of tenants is dominant in the overall energy consumption of a building, scope 3 is especially important for real estate. Starting this year, we report scope 1, 2 and scope 3 tenant emissions for our real estate portfolio. Like for our corporate portfolio, we report on scope 3 emissions separately from scope 1 and 2 emissions.

To calculate the carbon footprint of our real estate investments portfolio, we attribute a real estate fund's annual emissions based on NN's share in the fund. To determine this attribution factor, we use the outstanding investment amounts (Net Asset Value (NAV)) as the numerator and Gross Asset Value (GAV) of the funds, as reported to us by our real estate managers, as the denominator. All investment amounts, fund values and emissions are based on the most recent data available, which lags by one year.

Using the process described above, we calculated the absolute financed emissions of our non-listed real estate portfolio to be 19 tonnes of CO_2e at year-end 2023. This represents a 17% decline compared to the previous year. Additionally, we observed a 12% decline in the carbon intensity, measured in tonnes of CO_2 per EUR million, of our portfolio. The decline in carbon intensity is due to the sale of relatively energy-intensive funds and a reduction of energy intensity in existing fund positions.

Carbon footprint of mortgages

In our 2023 carbon footprint analysis, we included the total number of Dutch mortgages originated and/or serviced by NN Bank, as represented on the NN Group balance sheet. This amounted to 225,330 homes, with a total value of EUR 53 billion. NN also has approximately EUR 6 billion of residential mortgages on the balance sheet from external mortgage originators which are not included in this analysis.

We account for the scope 1 and 2 emissions of each house (i.e. the natural gas used to heat the house + the purchased electricity by the occupant of the house = the energy consumed by the building occupant). We measure the carbon footprint of every house based on energy label, floor space, building

Overview of financed emissions related to NN Group's real estate portfolio

Year	Total assessed assets (in billion EUR)	Financed emissions (kilotonnes of CO_2e)		Carbon Intensity (tonnes of CO_2e per EUR million invested)		Coverage (% of assessed assets)	PCAF Data Quality Score (1-5)	
		Scope 1 + 2	Scope 3	Scope 1 + 2	Scope 3		Scope 1 + 2	Scope 3
2022	11	23	50	2	5	88%	2.0	2.0
2023	10	19	47	2	5	85%	2.0	2.0
YoY Change 2022/2023	**-2%**	**-17%**	**-6%**	**-12%**	**-1%**			

Carbon footprint proprietary assets continued

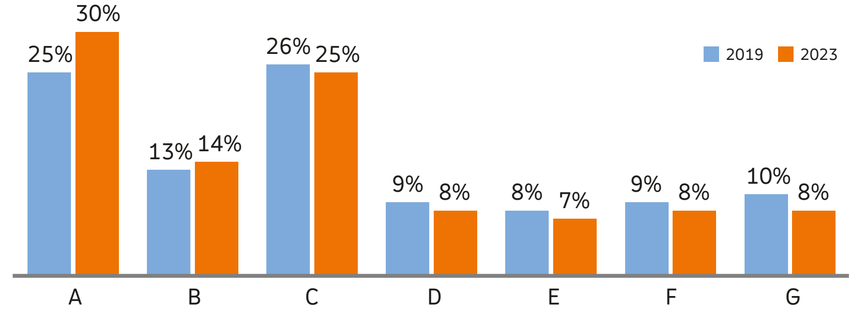
type and corresponding emission factor. This method is in line with the PCAF Standard and corresponds to a data quality score of 3 (on a 1–5 scale where 1 is the highest). This is the highest data quality score that can be achieved in absence of actual building energy consumption data (i.e. metered data). Dutch Financial Institutions that are part of PCAF, including NN, are currently exploring ways to obtain the actual consumption data to further enhance quality of reporting. By improving the monitoring of household CO_2 emissions, we can bring the outcomes closer to the actual emitted emissions.

The energy label remains an important data input for the methodology. The chart on this page shows the energy label distribution of NN's mortgage portfolio. Compared to 2019 when we first gathered this information, the share of label A in our portfolio increased from 25% to 30%, label B increased slightly from 13% to 14%, label C declined from 26% to 25%, labels D, E, F and G (taken together) declined from 36% to 31%.

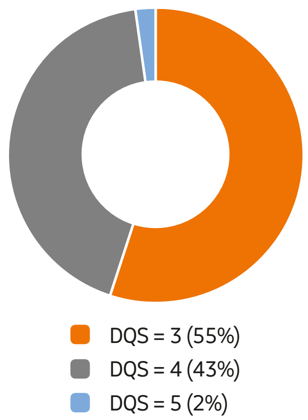
Around 54% of the houses in our mortgage portfolio have a definitive energy label. If no definitive energy label is available, we matched the addresses with a provisional energy label, as this currently is the best estimate available. For the rest of the mortgage portfolio, we looked at the building year of the property. Based on the building year and the corresponding building standards at that time, an energy label can be assumed. For a small number of properties (1%), we could not match the property with an energy label due to missing information.

As shown in the image Data Quality Score, 55% of NN's mortgage portfolio had a PCAF Data Quality score 3, 43% had PCAF Data Quality score 4 and 2% had PCAF Data Quality score 5 at the end of 2023. The scores mainly relate to the availability of energy labels. If the energy label is not available, emission data can be estimated based on indicators like average carbon intensities, surface area and building types in line with PCAF's data quality tables. The average PCAF

NN Portfolio: Energy label distribution
(based on number of houses, compared to 2019)



NN Portfolio: Data Quality Score



Data Quality score for our portfolio is 3.5. The average is calculated based on the number of houses.

Emissions are attributed to NN Group according to the loan-to-value (LTV) ratio. The LTV used is the current loan-to-original-market-value ratio, which is the net outstanding mortgage amount divided by the original property value. If these original values are not available, the latest available property value will be used as denominator. We also take into account the latest available market value when available when improvements have been made to the property.

The financed emissions of our mortgage portfolio per year-end 2023 was 475 kilotonnes of CO_2e, an 8% decline compared to last year. The decline in financed emissions is the result of a lower attribution factor, and lower emission factors which improved by 3% in 2023 as energy production in the Netherlands became more sustainable.

To measure progress towards our net-zero ambition, we also calculated the carbon intensity measured in kg CO_2e/m^2. We used data from the Dutch Land Registry (Kadaster) to convert the financed emissions to an intensity metric. The emissions intensity in 2023 was 24.4 kg of CO_2e per m^2. This represents a decline of 12% versus the baseline year of 2021. Our target is to achieve a 34% decline by 2030, or 18.0 kg CO_2e per m^2. Our methodology and target is based on the CRREM NL 1.5°C pathway (2021 version) and aligned with criteria as set forth by the Science Based Targets initiative (SBTi).

Meeting the ambitious 18.0 kg CO_2e per m^2 objective by 2030 requires not just our own efforts, but also collaboration between all parties in the residential real estate value chain. The recent adoption of a steeper pathway for the Netherlands by CRREM further exacerbates the challenges for our organisation, the Dutch government and the real estate value chain. We are evaluating the updated pathways to determine the best way to contribute to realising a successful energy transition and aim to provide further insights in our next Climate Action Plan.

Overview of financed emissions related to NN Group's mortgage portfolio

Year	Total assessed assets (in billion EUR)	Financed emissions (kilotonnes of CO_2e)		Carbon Intensity (tonnes of CO_2e per EUR million invested)		Carbon intensity per m^2 (kg of CO_2e per m^2)		Coverage (% of assessed assets)	PCAF Data Quality Score (1-5)	
		Scope 1 + 2	Scope 3	Scope 1 + 2	Scope 3	Scope 1 + 2	Scope 3		Scope 1 + 2	Scope 3
2021 (baseline)	52	581	n/a	11	n/a	27	n/a	100%	3.4	n/a
2022	53	515	n/a	10	n/a	25	n/a	100%	3.5	n/a
2023	53	475	n/a	9	n/a	24	n/a	100%	3.5	n/a
YoY Change 2022/2023	**1%**	**-8%**		**-7%**		**-3%**				

EU Taxonomy disclosures

EU Taxonomy disclosures

In order to meet the EU's climate and energy targets for 2030 and to reach the objectives of the European Green Deal for the EU to be climate neutral by 2050, it is important to direct investments towards sustainable projects and activities. To contribute to this, the EU has created the EU Taxonomy, a common language with a definition of what is sustainable and a classification system for sustainable economic activities.

The EU Taxonomy Regulation requires NN Group to disclose information, such as the proportion of covered assets that finance or are invested in taxonomy-eligible, non-eligible and taxonomy-aligned economic activities, as well as the proportion of taxonomy-eligible, non-eligible and taxonomy-aligned non-life insurance gross written premium income. Taxonomy-eligible economic activities are those activities that are described under one of the six environmental objectives covered by the EU Taxonomy:

Climate-related objectives
1. Climate change mitigation
2. Climate change adaptation

Non-climate related objectives
3. Sustainable use and protection of water resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

For economic activities to be aligned with the EU Taxonomy, they need to substantially contribute to any one of the environmental objectives by adhering to the technical screening criteria (TSC)[1] . In addition, these activities should do no significant harm to any of the other EU Taxonomy environmental objectives, while respecting minimum social safeguards. As required by the EU Taxonomy Regulation, NN Group discloses taxonomy-eligibility related to the six environmental objectives and taxonomy-alignment related to the two climate objectives in this section of the Annual Report.

Since 2021, NN Group has been required to disclose taxonomy-eligibility information related to the two climate objectives. In 2023, taxonomy-alignment information related to the two climate objectives and taxonomy-eligibility information related to the four non-climate environmental objectives is required to be disclosed for the first time on a best effort basis. As limited reported data is available, the eligibility information related to non-climate environmental objectives is estimated using internal data (NACE codes) and therefore presented as a voluntary disclosure.

The following sections show detailed EU Taxonomy information of NN Group's investments and underwriting activities. The first section covers quantitative and qualitative eligibility and alignment information of the investments. In the second section, eligibility and alignment information related to NN Group's non-life underwriting activities is disclosed.

In December 2023, the EU Commission published a draft commission notice (the 'draft notice') on the interpretation and implementation of certain provisions of the EU Taxonomy regulation. This draft notice is expected to be finalised during 2024. Although the draft notice was published late in 2023, is still in draft, and not mandatory applicable for the disclosures in this 2023 Annual Report, NN Group compared the guidance in the draft notice to the approach that was applied in preparing the disclosures in this Annual Report. Certain differences were identified, which are explained below. Other than indicated below, NN Group's approach is in line with the draft notice or the guidance in the draft notice is not relevant or does not lead to significant impact. NN Group will continue to monitor the content and status of this additional guidance and will consider the impact on NN Group's disclosures going forward.

- The draft notice suggests that parent entities of financial conglomerates that have different activities should report the KPIs per segment as well as weighted average KPIs for the sum of the segments. This would result in NN Group disclosing the KPIs separately for its insurance and its banking activities. NN Group discloses all its activities (insurance and banking) in a consolidated manner in the format of the dominant activity, which is insurance. NN Bank reports stand-alone EU Taxonomy disclosures in its own Annual Report.
- The draft notice suggests that the prudential scope of consolidation should be used, whereas NN Group uses the scope of consolidation of the IFRS Annual Accounts. Had NN Group used the prudential consolidation scope, information related to NN Japan and NN Bank would have been excluded.
- The draft notice suggests that green bonds issued by non-NFRD companies should be included in the numerator of the investment KPI. For 2023, NN Group has not included these bonds (with a fair value of EUR 535 million) in the investment KPI numerator.

All amounts are in millions of euros unless indicated otherwise.

Investments

The Investment KPI represents the amount and extent to which NN Group's investments are directed at funding taxonomy-aligned economic activities.

This is the first year that NN Group reports on both taxonomy-eligibility and alignment related to the two climate objectives. NN Group reports this eligibility and alignment for the mandatory disclosures using externally available information. For investments for which there is no externally reported information available, estimates are used[2]. The estimated eligibility and

1 The technical screening criteria (TSC) are specific characteristics that can be used to determine whether an economic activity provides a substantial contribution to climate change mitigation or adaptation. The criteria also aim to avoid significant harm to other objectives and comply with relevant laws.

2 The only exception are externally managed mortgages, which are presented as non-aligned in the reported figures in case of no data available.

3 NN Group reports against the EU Taxonomy voluntarily because it recognises the importance of increasing transparency about how companies are progressing in changing of and adapting to climate change, even if the regulation is evolving and not yet mature.

alignment are reported voluntarily[3] and are therefore not part of the mandatory disclosures.

Under the EU Taxonomy, exposures to derivatives and non-NFRD companies cannot be eligible and aligned and are therefore excluded from the numerator of the eligibility and alignment disclosures but included in the denominator. Other assets[4] (non-investment assets) and exposures to central governments, central banks and supranational issuers (sovereign entities) are excluded from both the numerator and the denominator of the EU Taxonomy disclosures. This amounts to EUR 54,925 million and is the difference between total assets on the NN Group consolidated balance sheet and assets covered by the KPI (covered assets).

The voluntary table below summarises the key EU Taxonomy information of NN Group's investments. NN Group's assets covered in the Investment KPI are EUR 154,016 million. Out of these assets, the mandatory taxonomy-alignment (Investment KPI) based on turnover is 11% and 1% based on CapEx. The main driver of the turnover Investment KPI is retail mortgage loans which are linked to the real estate activity 'Acquisition and ownership of buildings' in the EU Taxonomy. Financing this activity makes a contribution to the climate change mitigation objective. The investments in the covered assets that are eligible, but not aligned with the technical screening criteria (TSC) set out in the EU Taxonomy, amount to 32% based on turnover and 47% based on CapEx. Together with the alignment figures, this forms the eligible investments proportion of NN Group's covered assets. The remainder of covered assets is the non-eligible portion, which amounts to 57% based on turnover and 52% based on CapEx.

Investment KPI

This section contains the mandatory Investment KPI disclosures. Based on the information available, the table below reflects the proportion of assets covered by the KPI (covered assets) that are taxonomy-aligned related to the two climate objectives. Consistent with the summary table above, the mandatory taxonomy-alignment (Investment KPI) based on turnover is 11% and 1% based on CapEx.

Voluntary taxonomy-alignment based on turnover of 2% and 1% based on CapEx is shown. This voluntary turnover KPI amount is mainly driven by investments in real estate for which the alignment is estimated based on buildings with at least an energy label of A.

	Turnover		CapEx	
	Amount	Proportion %	Amount	Proportion %
Taxonomy-alignment	**16,702**	**11%**	**2,042**	**1%**
Of which related to CCM	16,676	11%	1,972	1%
Of which related to CCA	26	0%	70	0%
Taxonomy non-alignment	**48,767**	**32%**	**71,777**	**47%**
Taxonomy-eligible	**65,469**	**43%**	**73,819**	**48%**
Taxonomy non-eligible	**88,547**	**57%**	**80,197**	**52%**
Assets covered by the KPI	154,016	100%	154,016	100%

	Mandatory	Voluntary*		Mandatory	Voluntary*
The weighted average value of all the investments of NN Group that are directed at funding, or are associated with taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:			that are directed at funding, or are associated with taxonomy-aligned economic activities, with following weights for investments in undertakings per below:		
Turnover-based: %	11%	2%	Turnover-based: amount	16,702	3,016
Capital expenditures-based: %	1%	1%	Capital expenditures-based: amount	2,042	1,294
The percentage of assets covered by the KPI relative to total investments of NN Group (total AuM). Excluding investments in sovereign entities.			The monetary value of assets covered by the KPI. Excluding investments in sovereign entities.		
Coverage ratio: %	100%	100%	Coverage: amount	154,016	154,016

* Estimated EU Taxonomy figures are reported on a voluntary basis in addition to the mandatory EU Taxonomy figures, therefore there is no overlap in mandatory and voluntary figures.

4 This relates to assets included in the following balance sheet lines: Insurance and Reinsurance contracts, Property and equipment, Intangible assets, Deferred tax, and Other assets.

In the table below, information on the denominator (covered assets) of the Investment KPI is provided. The largest part of the denominator (41%) relates to investments in other counterparties which consist of retail mortgage loans and direct real estate investments. The investments in NFRD companies are in total 8% of the denominator. These two figures together (49%) comprise the investments of NN Group subject to a mandatory eligibility and alignment assessment.

NN Group's mandatory eligibility is 43% based on turnover and 48% based on CapEx. This turnover-based figure consists of 11% aligned and 32% non-aligned investments and the CapEx-based figure consists of 1% aligned investments and 47% non-aligned investments. The difference between these turnover and CapEx-based figures can be explained by the fact that retail mortgage loans are only included in the turnover-based figure as they relate to the financing of existing buildings.

The sum of alignment, non-alignment and non-eligible must equal covered assets. As data is not available for all investments for which EU Taxonomy data is relevant, an adjustment was required at aggregated level. As real estate investments are 100% eligible, the adjustment was made to non-aligned for the part of investments with no available data. For all other investments for which data is expected but not available, the adjustment is made to non-eligible as eligibility is unknown.

Additional, complementary disclosures: breakdown of denominator of the KPI

	Mandatory	Voluntary*		Mandatory	Voluntary*
The percentage of derivatives relative to total assets covered by the KPI:	2%	2%	The value in monetary amounts of derivatives: amount	2,704	2,704
The proportion of exposures to financial and non-financial undertakings from EU-countries not subject to the NFRD over total assets covered by the KPI: %			Value of exposures to financial and non-financial undertakings from EU-countries not subject to the NFRD:		
For non-financial undertakings: %	3%	3%	For non-financial undertakings: amount	5,240	5,240
For financial undertakings: %	37%	37%	For financial undertakings: amount	56,592	56,592
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to the NFRD over total assets covered by the KPI: %			Value of exposures to financial and non-financial undertakings from non-EU countries not subject to the NFRD		
For non-financial undertakings: %	5%	5%	For non-financial undertakings: amount	7,637	7,637
For financial undertakings: %	5%	5%	For financial undertakings: amount	7,377	7,377
The proportion of exposures to financial and non-financial undertakings subject to the NFRD over total assets covered by the KPI: %			Value of exposures to financial and non-financial undertakings subject to the NFRD		
For non-financial undertakings: %	5%	5%	For non-financial undertakings: amount	7,437	7,437
For financial undertakings: %	3%	3%	For financial undertakings: amount	3,923	3,923
The proportion of exposures to other counterparties and assets over total assets covered by the KPI: %	41%	41%	Value of exposures to other counterparties and assets: amount	63,106	63,106
The proportion of NN Group's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, that are directed at funding, or are associated with, taxonomy-aligned economic activities: %	N/A for NN Group	N/A for NN Group	Value of NN Group's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, that are directed at funding, or are associated with, taxonomy-aligned economic activities: amount	n/a	n/a

* There is only a difference between mandatory and voluntary figures for the information that is based on reported data (mandatory) and estimated data (voluntary).

Additional, complementary disclosures: breakdown of denominator of the KPI (continued)

	Mandatory	Voluntary		Mandatory	Voluntary
The value of all the investments that are funding economic activities that are not taxonomy-eligible relative to the value of total assets covered by the KPI:			Value of all the investments that are funding economic activities that are not taxonomy-eligible:		
Turnover-based:%	57%	55%	Turnover-based: amount	88,547	84,036
Capital expenditures-based: %	52%	55%	Capital expenditures-based: amount	80,197	84,020
The value of all the investments that are funding taxonomy-eligible economic activities, but not taxonomy-aligned relative to the value of total assets covered by the KPI:			Value of all the investments that are funding taxonomy-eligible economic activities, but not taxonomy-aligned:		
Turnover-based: %	32%	44%	Turnover-based: amount	48,767	66,965
Capital expenditures-based: %	47%	45%	Capital expenditures-based: amount	71,777	69,995

In the table below, information on the numerator (taxonomy-alignment) by type of counterparty of the Investment KPI is provided. This shows that NN Group's mandatory alignment is mainly driven by investments in other counterparties, which are the retail mortgage loans, and to a small extent by investments in non-financial companies. There is limited alignment from investments in financial companies because alignment information of these counterparties, other than investments funds, is not yet available as these companies are reporting this information at the same time as NN Group

Additional, complementary disclosures: breakdown of numerator of the KPI

	The proportion of taxonomy-aligned exposures to financial and non-financial undertakings subject to the NFRD over total assets covered by the KPI:		Value of taxonomy-aligned exposures to financial and non-financial undertakings subject to the NFRD :	
	Mandatory	Voluntary*	Mandatory	Voluntary*
For non-financial undertakings:				
Turnover-based	1%	0%	859	1
Capital expenditures-based	1%	–	1,304	–
For financial undertakings				
Turnover-based	0%	2%	359	3,217
CapEx-based	0%	0%	738	512
	The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, that are directed at funding, or are associated with, taxonomy-aligned:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, that are directed at funding, or are associated with, taxonomy-aligned (in millions):	
Turnover-based		n/a**		n/a**
Capital expenditures-based		n/a**		n/a**

* There is only a difference between mandatory and voluntary figures for the information that is based on reported data (mandatory) and estimated data (voluntary).

** NN Group does not have non-life insurance contracts where the investment risk is borne by policy holders.

Additional, complementary disclosures: breakdown of numerator of the KPI (continued)

	Mandatory	Voluntary*	Mandatory	Voluntary*
	The proportion of taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI:		Value of taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI (in millions):	
Turnover-based	10%	1%	15,484	781
Capital expenditures-based	–	–	–	–

* Estimated EU Taxonomy figures are reported on a voluntary basis in addition to the mandatory EU Taxonomy figures, therefore there is no overlap in mandatory and voluntary figures.

In the table below, information on the numerator (taxonomy-alignment) of the Investment KPI by environmental objective and type of economic activity is provided. This shows that NN Group's mandatory alignment is related to the climate change mitigation objective and only to a very limited extent related to transitional and enabling activities[5]. This can be explained by the fact that mandatory alignment is mainly driven by the retail mortgage loans that link to the economic activity 'Acquisition and ownership of buildings', which is not a transitional[6] or enabling activity, and makes a substantial contribution to climate change mitigation.

Breakdown of the numerator of the KPI per environmental objective

Taxonomy-aligned activities – provided 'do-not-significant-harm' (DNSH) and social safeguards positive assessment:

				Transitional		Enabling	
		Mandatory	Voluntary*	Mandatory	Voluntary*	Mandatory	Voluntary*
(1) Climate change mitigation	Turnover	11%	2%	0 %	–	0	–
	CapEx	1%	–	0%	–	1%	–
(2) Climate change adaptation	Turnover	0%	–	n/a		–	–
	CapEx	0%	–			–	–
(3) The sustainable use and protection of water and marine resources	Turnover	–	–	n/a		–	–
	CapEx	–	–			–	–
(4) The transition to a circular economy	Turnover	–	–	n/a		–	–
	CapEx	–	–			–	–
(5) Pollution prevention and control	Turnover	–	–	n/a		–	–
	CapEx	–	–			–	–
(6) The protection and restoration of biodiversity and ecosystems	Turnover	–	–	n/a		–	–
	CapEx	–	–			–	–

* Estimated EU Taxonomy figures are reported on a voluntary basis in addition to the mandatory EU Taxonomy figures, therefore there is no overlap in mandatory and voluntary figures.

5 Under the EU Taxonomy, enabling activities are economic activities that directly enable other activities to make a substantial contribution to one or more of the six environmental objectives of the EU Taxonomy.

6 Under the EU Taxonomy, transitional activities are ones that support the transition to a climate-neutral economy in a manner that is consistent with a pathway to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels.

Based on the information currently available, the tables above provide insight into the composition of NN Group's Investment KPI.
Further explanation on this information, associated assumptions and limitations, is presented below.

Assumptions

NN Group collected EU Taxonomy data related to the two climate objectives in respect of mortgage loans to retail clients internally and from external data providers for direct investments and investment funds where these data providers have this data available. For direct investments, NN Group has assessed the NFRD[7] status of its counterparties using internal and external data.

For investment funds[8], NN Group has not used look-through information regarding the exposure to non-NFRD issuers and decided to consider these all as NFRD issuers. Look-through information is only used for calculating the eligibility and alignment of the fund related to the two climate objectives using the weighted average exposure to taxonomy-eligible and aligned economic activities of the investments in the fund. In case EU Taxonomy data is not available for investment funds, NN Group presented these exposures as taxonomy non-eligible (zero in the numerator and for the full amount in the denominator of the investment KPI). Data availability is expected to improve in the coming years when reported eligibility and alignment data increases.

For type of counterparty information, all investment funds are classified as exposures to financial undertakings. NN Group's investments in other insurance companies, banks, and asset managers are also classified as exposures to financial undertakings. Investments in other counterparties and assets consist of mortgage loans to retail clients and direct real estate investments. The remaining investments (i.e. those that are not classified as investments in other insurance companies, banks, asset managers, investments funds and exposures to other counterparties and assets consisting of mortgage loans to retail clients, direct real estate investments, derivatives, or sovereigns), are classified as investments in non-financial undertakings. For classifying investments into counterparties from the EU and non-EU, internally available data on country of incorporation of counterparties was used.

NN Group's weighted average of EU Taxonomy values of investments is based on the proportion of EU Taxonomy-aligned economic activities of investee companies measured by their turnover and CapEx KPIs. The green asset and investment ratios for investments in banks and insurance companies respectively are not presented as the necessary alignment information is not yet available.

For determining the substantial contribution criteria of mortgage loans, NN Group has used Energy Performance Certificates (EPCs) for the majority of mortgage loans. The substantial contribution criteria include an option of selecting the top 15% of buildings based on Primary Energy Demand (PED). Where no EPCs are available, the top 15% PED approach is applied.

In case of unavailable data for investments subject to a mandatory taxonomy-eligibility and alignment assessment, NN Group has presented these investments as taxonomy non-aligned for external retail mortgage loans and real estate investments and non-eligible for investments in NFRD companies and investments funds.

Eligibility of the four non-climate environmental objectives

In 2023, the Commission introduced the Environmental Delegated Act defining the economic activities making a substantial contribution to one or more of the four non-climate environmental objectives. Under the Environmental Delegated Act, taxonomy-eligibility information related to the four non-climate environmental objectives is required to be disclosed in 2023.

NN Group has no reported counterparty information available to disclose information on the eligibility related to the four non-climate environmental objectives as counterparties have not yet reported on this. Therefore, NN Group assessed this eligibility based on the NACE codes of the counterparties and presented this as a voluntary disclosure. The EU Taxonomy includes NACE codes in the description of economic activities. If the NACE code of the counterparty for the remaining exposures matches those included in the EU Taxonomy, these are considered taxonomy-eligible; if the NACE code of the counterparty does not match to the EU Taxonomy, these are considered taxonomy non-eligible. An inherent limitation in this approach is that the outcome of the assessment with NACE code of the counterparty is binary and therefore does not reflect a counterparty's multiple economic activities.

7 The EU Taxonomy currently applies only to companies that are subject to the Non-Financial Reporting Directive (NFRD), which are large public-interest entities with more than 500 employees. Public-interest Entities are defined as follows: (a) EU companies with transferable securities (debt or equity) on an EU regulated market, (b) credit institutions; or (c) insurance undertakings. Large companies are defined as companies which, on balance sheet date, exceed at least two of the three following criteria: (a) a balance sheet total of €20,000,000; (b) a net turnover of €40,000,000; (c) an average of 250 employees during the financial year.

8 These are investment funds that primarily invest in listed equities and debt instruments.

As shown below, non-climate eligibility amounts to EUR 900 million and represents 1% of covered assets. In calculating these figures, investments for reported climate eligibility were adjusted based on turnover, where applicable.

Eligibility of the four non-climate environmental objectives

	Amount	Proportion %
Non-climate eligible	901	1%
Assets covered by the KPI	154,016	100%

Gas and Nuclear

From 2023, the Complementary Delegated Act added gas and nuclear activities to the economic activities that can make a substantial contribution to climate change mitigation and climate change adaptation. Following the inclusion of gas and nuclear economic activities in the scope of the EU Taxonomy disclosures, NN Group is required to disclose information on eligibility and alignment of gas and nuclear activities as described in the EU Taxonomy.

The tables below are required under the EU Taxonomy Regulation and reflect whether NN Group finances or invests in gas and nuclear activities.

EU Taxonomy data is not available for all gas and nuclear investments. Therefore at aggregated level, adjustments were made so that the sum of alignment, non-alignment and non-eligible equals covered assets. The investment alignment figures were used as a base for totals for each template. Other taxonomy economic activity rows were determined, by deducting the sum of fossil gas and nuclear economic activities from the respective total number. Where alignment data was received for both the climate change mitigation and climate change adaptation objectives, the alignment has been included in the climate change mitigation section.

In the table below, the mandatory overview of activities is shown. While a YES can be shown in the first table it is possible that the following tables show no data in the respective fields, due to the small amount of exposure. In general, the majority of alignment stems from other activities with limited gas and nuclear data available.

Template 1: Nuclear and fossil gas related activities

Row	Nuclear energy-related activities	Mandatory	Voluntary*
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES	NO
	Fossil gas-related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES	NO

* Estimated EU Taxonomy figures are reported on a voluntary basis in addition to the mandatory EU Taxonomy figures, therefore there is no overlap in mandatory and voluntary figures.

EU Taxonomy disclosures continued

The tables below (template 2 and template 3) provide information on the amount and proportion of taxonomy-aligned exposures to gas and nuclear economic activities. Table 2 sets the alignment into perspective to covered assets (denominator).

Template 2: Gas and Nuclear taxonomy-aligned economic activities (denominator)

	Monetary amount (in EUR million) and proportion (%)											
	Mandatory Turnover						Mandatory CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												

Template 2: Gas and Nuclear taxonomy-aligned economic activities (denominator) continued

	Monetary amount (in EUR million) and proportion (%)											
	Voluntary* Turnover						Voluntary* CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												

Template 2: Gas and Nuclear taxonomy-aligned economic activities (denominator) continued

	Monetary amount (in EUR million) and proportion (%)											
	Mandatory Turnover						Mandatory CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	28	0%	28	0%	–	–	46	0%	46	0%	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	16,674	11%	16,648	11%	26	0%	1,996	1%	1,926	1%	70	0%
Total applicable KPI	**16,702**	**11%**	**16,676**	**11%**	**26**	**0%**	**2,042**	**1%**	**1,972**	**1%**	**70**	**0%**

* Estimated EU Taxonomy figures are reported on a voluntary basis in addition to the mandatory EU Taxonomy figures, therefore there is no overlap in mandatory and voluntary figures

Template 2: Gas and Nuclear taxonomy-aligned economic activities (denominator) continued

	Monetary amount (in EUR million) and proportion (%)											
	Voluntary* Turnover						Voluntary* CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	3,016	2%	3,016	2%	–	–	1,294	0%	1,294	0%	–	–
Total applicable KPI	**3,016**	**2%**	**3,016**	**2%**	**–**	**–**	**1,294**	**0%**	**1,294**	**0%**	**–**	**–**

The table below (template 3) aims at showing the Gas and Nuclear portion of the overall taxonomy-alignment. Therefore, the total alignment is used as a base instead of covered assets.

Template 3: Gas and Nuclear taxonomy-aligned economic activities (numerator)

	Monetary amount (in EUR million) and proportion (%)											
	Mandatory Turnover						Mandatory CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to the Complementary Delegated Act in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to the Complementary Delegated Act in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to the Complementary Delegated Act in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to the Complementary Delegated Act in the numerator of the applicable KPI	28	0%	28	0%	–	–	46	2%	46	2%	–	–

Template 3: Gas and Nuclear taxonomy–aligned economic activities (numerator) continued

	Monetary amount (in EUR million) and proportion (%)											
	Voluntary* Turnover						Voluntary* CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to the Complementary Delegated Act in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to the Complementary Delegated Act in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to the Complementary Delegated Act in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to the Complementary Delegated Act in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–

EU Taxonomy disclosures continued

The table below (template 3) aims at showing the Gas and Nuclear portion of the overall taxonomy-alignment. Therefore, the total alignment is used as a base instead of covered assets.

Template 3: Gas and Nuclear taxonomy-aligned economic activities (numerator) continued

	Monetary amount (in EUR million) and proportion (%)											
	Mandatory Turnover						Mandatory CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to the Complementary Delegated Act in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to the Complementary Delegated Act in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	16,674	100%	16,648	100%	26	0%	1,996	98%	1,926	95%	70	3%
Total applicable KPI	**16,702**	**100%**	**16,676**	**100%**	**26**	**0%**	**2,042**	**100%**	**1,972**	**97%**	**70**	**3%**

EU Taxonomy disclosures continued

Template 3: Gas and Nuclear taxonomy-aligned economic activities (numerator) continued

	Monetary amount (in EUR million) and proportion (%)											
	Voluntary* Turnover						Voluntary* CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to the Complementary Delegated Act in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to the Complementary Delegated Act in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	3,016	100%	3,016	100%	–	–	1,294	100%	1,294	100%	–	–
Total applicable KPI	**3,016**	**100%**	**3,016**	**100%**	**–**	**–**	**1,294**	**100%**	**1,294**	**100%**	**–**	**–**

* Estimated EU Taxonomy figures are reported on a voluntary basis in addition to the mandatory EU Taxonomy figures, therefore there is no overlap in mandatory and voluntary figures.

The table below (template 4) provides information on the amount and proportion of taxonomy-eligible but not taxonomy-aligned exposures to gas and nuclear economic activities.

Template 4: Taxonomy-eligible but not taxonomy-aligned Gas and Nuclear economic activities

	Amount and proportion (%)											
	Turnover						CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–

Template 4: Taxonomy-eligible but not taxonomy-aligned Gas and Nuclear economic activities continued

	Amount and proportion (%)											
	Voluntary* Turnover						Voluntary* CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–

The table below (template 4) provides information on the amount and proportion of taxonomy-eligible but not taxonomy-aligned exposures to gas and nuclear economic activities.

Template 4: Taxonomy–eligible but not taxonomy–aligned Gas and Nuclear economic activities continued

	Amount and proportion (%)											
	Turnover						CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	33	0%	33	0%	–	–	14	0%	14	0%	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0%	2	0%	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	48,732	32%	47,963	31%	769	1%	71,763	47%	70,532	46%	1,231	1%
Total applicable KPI	**48,767**	**32%**	**47,998**	**31%**	**769**	**1%**	**71,777**	**47%**	**70,547**	**46%**	**1,231**	**1%**

Template 4: Taxonomy-eligible but not taxonomy-aligned Gas and Nuclear economic activities continued

	Amount and proportion (%)											
	Voluntary* Turnover						Voluntary* CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Economic activities	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	66,965	44%	66,952	44%	13	0%	69,995	45%	69,986	45%	9	0%
Total applicable KPI	**66,965**	**44%**	**66,952**	**44%**	**13**	**0%**	**69,995**	**45%**	**69,986**	**45%**	**9**	**0%**

* Estimated EU Taxonomy figures are reported on a voluntary basis in addition to the mandatory EU Taxonomy figures, therefore there is no overlap in mandatory and voluntary figures

The table below (template 5) provides information on the amount and proportion of gas and nuclear exposures that are not taxonomy-eligible.

Template 5: Taxonomy non-eligible economic activities

	Mandatory Turnover		Mandatory CapEx		Voluntary Turnover		Voluntary CapEx	
Economic activities	Amount	%	Amount	%	Amount	%	Amount	%
Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy–non–eligible in accordance with Section 4.26 of Annexes I and II to the Complementary Delegated Act in the denominator of the applicable KPI	–	–	–	–	–	–	–	–
Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy–non–eligible in accordance with Section 4.27 of Annexes I and II to the Complementary Delegated Actin the denominator of the applicable KPI	–	–	–	–	–	–	–	–
Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy–non–eligible in accordance with Section 4.28 of Annexes I and II to the Complementary Delegated Act in the denominator of the applicable KPI	–	–	–	–	–	–	–	–
Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy–non–eligible in accordance with Section 4.29 of Annexes I and II to the Complementary Delegated Act in the denominator of the applicable KPI	–	–	–	–	–	–	–	–
Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy–non–eligible in accordance with Section 4.30 of Annexes I and II to the Complementary Delegated Act in the denominator of the applicable KPI	–	–	–	–	–	–	–	–
Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy–non–eligible in accordance with Section 4.31 of Annexes I and II to the Complementary Delegated Act in the denominator of the applicable KPI	–	–	–	–	–	–	–	–
Amount and proportion of other taxonomy–non–eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	88,547	57%	80,197	52%	84,036	55%	84,020	55%
Total amount and proportion of taxonomy–non–eligible economic activities in the denominator of the applicable KPI	88,547	57%	80,197	52%	84,036	55%	84,020	55%

Non-life Underwriting

The Underwriting KPI represents the amount and extent to which NN Group's non-life underwriting activities are directed at taxonomy-aligned economic activities.

Consistent with the Investments KPI, this is the first year that NN Group reports on both taxonomy-eligibility and alignment for its underwriting activities.

The EU Taxonomy-related activities covered by the underwriting disclosures relate to non-life (re)insurance activities consisting of the underwriting of climate-related perils. In order to assess taxonomy alignment, NN Group first identified the Lines of Business (based on the Solvency II Lines of Business) containing policies with terms related to the treatment of 'climate perils' under the EU Taxonomy. NN Group then selected the Solvency II Lines of Business for which one or more climate-related perils are priced separately.

The table below shows the climate-related policy terms that are used in the underlying products of the Solvency II Lines of Business, which have a direct correlation with weather-related events, such as windstorms and mainly refer to properties, vehicles and personal belongings.

Applicable Solvency II lines of business

	Climate-related policy terms	Use of climate-related margin	Type of climate-related peril
Medical expense	No	No	Not applicable
Income protection	No	No	Not applicable
Workers' compensation	No	No	Not applicable
Motor vehicle liability	No	No	Not applicable
Other motor	Yes	Yes	Windstorm, Hail, River Flood
Marine, aviation and transport	Yes	No	Not applicable
Fire and other damage to property	Yes	Yes	Windstorm, Hail, River Flood
Assistance	Yes	No	Not applicable

In 2023, NN Group reports gross written premiums of EUR 3,900 million included in the Underwriting KPI, of which the taxonomy alignment (underwriting KPI) is 0%. The percentage of eligible but not aligned premiums is 43%.
NN Group has taxonomy alignment of 0% for its underwriting activities as NN Group does not yet fully meet the minimum safeguards criteria under the EU Taxonomy. For further information on minimum safeguards, see page 163.

NN Group reports the percentage of products measured by gross written premiums that covers at least one aspect of climate-related perils (i.e. measuring the premium at product level). Therefore, only the share of premium covering specific climate risks is considered taxonomy aligned. This results in a more prudent taxonomy alignment percentage compared to when the climate-related coverage is embedded in another, wider product; where the full premium of this product qualifies as taxonomy-aligned, provided that the technical screening criteria (TSC) are fulfilled.

The interpretation and assessment of the TSC for insurance activities was based on NN Group's interpretation of the current legislation and guidance published by the European Commission. NN Group continues to monitor developments and interpretations but different interpretations of the regulations in the EU Taxonomy may exist.

Underwriting KPI

The NN Group underwriting KPI represents the amount of NN Group's non-life gross premiums which relate to taxonomy-aligned insurance activities.

This section covers the mandatory Underwriting KPI template. Based on the information available, the table below reflects the proportion of premiums that are taxonomy-aligned based on the approach explained above. The taxonomy-aligned Underwriting activities is 0%. Gross premiums included in the table relates to the Netherlands Non-life segment.
The difference with Gross premiums written in Note 30 to the Annual Accounts relates to non-life premiums in certain international businesses.

Table 1. Full premium method for eligibility and the split premium method for alignment

	Substantial contribution to climate change adaptation							DNSH (Do No Significant Harm)	
Economic activities	Absolute premiums, 2023	Proportion of premiums, 2023	Proportion of premiums, 2022	Climate change mitigation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
	Amount	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1. Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	0	0	0	Y	Y	Y	Y	Y	N
A.1.1 Of which reinsured	0	0	0	Y	Y	Y	Y	Y	N
A.1.2 Of which stemming from reinsurance activity	0	0	0	Y	Y	Y	Y	Y	N
A.1.2.1 Of which reinsured (retrocession)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A.2 Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	1,599	41%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	2,302	59%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total (A.1 + A.2 +B)	**3,901**	**100%**	**100%**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

Note: The total non-life insurance and reinsurance premium amount in this table relates to the Netherlands Non-life segment. The difference with Gross premiums written as per the Annual Accounts relates to non-life premiums in certain international businesses.

Table 2. Split premium method for eligibility and the split premium method for alignment

	Substantial contribution to climate change adaptation			DNSH (Do No Significant Harm)					
Economic activities	Absolute premiums, 2023	Proportion of premiums, 2023	Proportion of premiums, 2023	Climate change mitigation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
	Amount	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1. Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	**0**	**0**	**0**	**Y**	**Y**	**Y**	**Y**	**Y**	**N**
A.1.1 Of which reinsured	0	0	0	Y	Y	Y	Y	Y	N
A.1.2 Of which stemming from reinsurance activity	0	0	0	Y	Y	Y	Y	Y	N
A.1.2.1 Of which reinsured (retrocession)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A.2 Activities not included in A1	**50**	**1%**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	3,851	99%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total (A.1 + A.2 +B)	**3,901**	**100%**	**100%**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

Note: The total non-life insurance and reinsurance premium amount in this table relates to the Netherlands Non-life segment. The difference with Gross premiums written as per the Annual Accounts relates to non-life premiums in certain international businesses.

In order to achieve substantial contribution to climate change adaptation, NN Group has assessed the following criteria:

Using forward-looking climate risk modelling as basis for pricing – Relevant climate related perils for NN Group's business such as Windstorm and Hail are taken into account in the partial internal model for P&C Catastrophe risk. The partial internal model and insights from the reinsurance programme are being used as a basis for pricing. In the Own Risk and Solvency Assessment (ORSA), process forward-looking climate related scenarios are used to validate the model. NN Group aims to further develop the use of such scenarios and analyses, for example, for River Flood NN Group is assessing the impact under various IPCC scenarios and time horizons.

Risk-based rewards for policyholders' preventive actions – In NN Group's Non-life insurance underwriting and pricing activities, NN Group provides incentives (where applicable and practicable) to its policyholders to take risk-mitigating measures against climate damage by means of (standard) product conditions for the cover and/or by setting price incentives which may, for example, include a premium discount or premium surcharge, deductible adjustment, standard coverage for climate adaptation measures with no premium surcharge or a discount on the purchase. For Solvency II lines of business 'Fire and other damage to property', NN Group's Retail home insurance product offers standard conditions for preventive actions that (in)directly contribute to the reduction of CO_2 emissions and against climate damage and a premium discount when using a sustainable damage repair network fulfils this criterion. For 'Other motor', NN Group's mileage insurance product offering consumers an incentive to drive less also fulfils this criterion.

Innovative solution for insurance coverage – Meeting client needs and where possible NN Group offers solutions to close existing protection gaps, for example, for flood risk. NN Group has extended the coverage of its policies to include protection against a breach of secondary dikes. Through its membership of the Dutch Association of Insurers and its intensive involvement in climate change related topics, NN Group investigates risk mitigating market solutions, including possibilities to provide protection against losses resulting from primary dike flood risk.

Sharing of data – As a member of the Dutch Association of Insurers, NN Group shares (climate related claims) data with the Association's Digital Analytics Centre. This data can then be used for analytical research when deemed necessary.

High level of service after a disaster – NN Group complies with the Code of Conduct for Claims Handling and act within applicable (reasonable) periods. In this regard no structural negative deviations have been identified with regard to recent calamities, by the Foundation for the Assessment of Insurers (STV) or by a judicial authority. In the event of an (climate-related) emergency, NN Group makes information relating to procedures for taking additional measures available to the public, including via the website.

Do No Significant Harm (DNSH)

Products that are aligned with the taxonomy substantial contribution to climate change adaptation criteria must also be checked in relation to the Do No Significant Harm (DNSH) criterion. Economic activities that do not comply with the taxonomy's requirement for sustainable economic activities cannot be considered taxonomy-aligned. For a general insurance company, the DNSH criterion is also an inherent part of the climate change adaptation objective. For the non-life insurance activity, only DNSH requirements relating to the EU Taxonomy climate change mitigation environmental objective apply. In relation to climate change mitigation, this means that insurance of activities such as the production, storage, transport and processing of fossil fuels must be deducted from the earned premiums that are deemed to comply with the criteria for sustainable non-life insurance. NN Group has used NACE codes registered in its insurance administration systems as the basis for identifying relevant activities in the portfolio. The number of activities that can be linked to DNSH after this review would be deducted from the activities that are covered by the taxonomy criterion.

We note that it is not possible to deduct a premium for customers with a different SBI/NACE code, who for example occasionally transport fossil fuels, from the premiums earned that are deemed to meet the criteria.

Minimum safeguards

In order to be aligned, the Taxonomy regulation also requires products to be compliant with the Minimum Safeguards. These minimum safeguards can be regarded criteria or processes for responsible business conduct, applicable both to the products as well as NN Group as a corporate entity.

To meet the criteria of responsible business conduct, both NN Group and the products in its value chain will have to demonstrate compliance on the following topics:

- Human rights including workers' rights
- Anti-bribery and corruption
- Taxation
- Fair competition

Currently NN Group is deemed not to be in full compliance with the criteria. As NN Group adheres to the OECD Guidelines for Multinational Enterprises and is a member of Global Compact, it adheres to principles of human rights, labour rights, environmental protection, combatting bribery and corruption as documented in NN Group's most recent annual Communication of Progress which is listed on the website of Global Compact.

NN Group also has anti-corruption policies in place via, for example, the Code of Conduct and its underlying policies and standards, such as the Outside Positions and Outside Interests standard, the Gifts and Events and Business Meals policy and the Financial Economic Crime policy.

To become compliant, additional steps have been determined in 2023 following the introduction of a human rights impact assessment. Next steps will be performed in combination with further implementation of the OECD Guidelines.

For NN Group's products in the value chain, we deem NN Group not yet compliant. On adherence to the minimum safeguards due diligence processes will be enhanced on screening and monitoring business sector clients. NN Group has established a Responsible Insurance Underwriting Committee to oversee achieving these next steps.

Limited assurance report of the independent auditor on non-financial information

To: the General Meeting of Shareholders and the Supervisory Board of NN Group N.V.

Our conclusion

We have performed a limited assurance engagement on the non-financial information in the annual report 2023 of NN Group N.V. ('the Group') based in Amsterdam and headquartered in The Hague.

Based on the procedures performed and the assurance information obtained nothing has come to our attention that causes us to believe that the non-financial information in the accompanying annual report does not fairly present, in all material respects:

- the policy with regard to sustainability matters; and
- the business operations, events and achievements in that area in 2023,

in accordance with the applicable criteria as included in the section 'Criteria'.

The non-financial information is included in the following sections of the annual report:

- '1 About NN';
- '2 Our operating environment';
- '3 Our strategy and performance';
- '4 Creating value for our stakeholders';
- '5 Managing our risk'; and
- '7 Facts and figures' (with the exclusion of the section 'EU Taxonomy Disclosures').

Basis for our conclusion

We performed our limited assurance engagement on the non-financial information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake duurzaamheidsverslaggeving' (Assurance engagements relating to sustainability reporting). Our responsibilities under this standard are further described in the 'Our responsibilities for the assurance engagement on the non-financial information' section of our report.

We are independent of the Group in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants).

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

Criteria

The criteria applied for the preparation of the non-financial information are the GRI Sustainability Reporting Standards (GRI Standards) as listed in the GRI Content Index and the criteria supplementally applied as disclosed in section '1 About NN' of the annual report. The non-financial information is prepared in accordance with the GRI Standards.

The comparability of non-financial information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the non-financial information needs to be read and understood together with the criteria applied.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the sustainability matter. When evaluating our materiality levels, we have taken into account quantitative and qualitative aspects as well as the relevance of information for both stakeholders and the company.

We have agreed with the Audit Committee of the Supervisory Board that misstatements which are identified during the assurance engagement and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Limitations to the scope of our assurance engagement

The non-financial information includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide any assurance on the assumptions and achievability of prospective information.

The references to external sources or websites in the non-financial information are not part of the non-financial information as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities of the Executive Board and Supervisory Board for the non-financial information

The Executive Board is responsible for the preparation and fair presentation of the non-financial information in accordance with the criteria as included in the section 'Criteria', including the identification of stakeholders and the definition of material matters.

The Executive Board is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of stakeholders, considering applicable law and regulations related to reporting.

The choices made by the Executive Board regarding the scope of the non-financial information and the reporting policy are summarized in section '1 About NN' in the annual report

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

The Supervisory Board is responsible for overseeing the sustainability reporting process of the Group.

Our responsibilities for the assurance engagement on the non-financial information

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of non-financial information. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is substantially less than the assurance that is obtained had a reasonable assurance engagement is performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics of the company.
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures in the non-financial information. This includes the evaluation of the company's materiality assessment and the reasonableness of estimates made by management.
- Obtaining through inquiries a general an understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the non-financial information, without obtaining assurance information about the implementation or testing the operating effectiveness of controls.
- Identifying areas of the non-financial information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the non-financial information responsive to this risk analysis. These procedures consisted amongst others of:
  - Obtaining inquiries from management at corporate level responsible for the sustainability strategy, policy and results.
  - Obtaining inquiries from relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the non-financial information.

KPMG

- Reviewing the suitability of assumptions and sources from third parties used for the calculation underlying the impact data as included in section '7 Facts and figures' and integrated within the report'.
- Obtaining assurance evidence that the non-financial information reconciles with underlying records of the company.
- Reviewing, on a limited test basis, relevant internal and external documentation;
- Considering the data and trends.

— Reading the information in the annual report which is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the non-financial information.

— Considering the overall presentation and balanced content of the non-financial information.

— Considering whether the non-financial information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with applicable criteria.

We communicate with the Executive Board and the Audit Committee of the Supervisory Board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Amstelveen, 20 March 2024

KPMG Accountants N.V.

D. Korf RA

8 Annual accounts

Annual accounts contents

Consolidated balance sheet
Amounts in millions of euros, unless stated otherwise

Consolidated balance sheet

	notes	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Assets				
Cash and cash equivalents	2	8,207	6,670	6,929
Investments at fair value through OCI	3	110,100	115,061	149,950
Investments at cost	4	21,488	20,291	21,376
Investments at fair value through profit or loss	5	49,392	43,162	47,587
Investments in real estate	6	2,620	2,754	2,719
Investments in associates and joint ventures	7	6,231	6,450	6,919
Derivatives	20	2,486	2,452	6,419
Investments		**200,524**	**196,840**	**241,899**
Insurance contracts	13	355	124	125
Reinsurance contracts	15	733	837	707
Insurance and reinsurance contracts		**1,088**	**961**	**832**
Property and equipment	8	348	399	414
Intangible assets	9	1,270	1,280	932
Deferred tax assets	33	146	131	31
Assets held for sale	10			4,135
Other assets	11	5,565	7,413	3,200
Other		**7,329**	**9,223**	**8,712**
Total assets		**208,941**	**207,024**	**251,443**
Equity				
Shareholders' equity		19,624	19,265	21,624
Minority interests		79	72	244
Undated subordinated notes		1,416	1,764	1,764
Total equity	12	**21,119**	**21,101**	**23,632**
Liabilities				
Insurance contracts	13	145,064	140,799	182,580
Investment contracts	14	3,621	3,421	2,698
Reinsurance contracts	15	144	223	325
Insurance, investment and reinsurance contracts		**148,829**	**144,443**	**185,603**
Debt instruments issued	16	1,195	1,694	2,292
Subordinated debt	17	2,680	2,334	2,356
Other borrowed funds	18	9,992	11,118	7,301
Customer deposits	19	16,460	16,235	15,945
Funding		**30,327**	**31,381**	**27,894**
Derivatives	20	4,067	6,461	1,904
Deferred tax liabilities	33	559	624	781
Liabilities held for sale	10			3,530
Other liabilities	21	4,040	3,014	8,099
Other		**8,666**	**10,099**	**14,314**
Total liabilities		**187,822**	**185,923**	**227,811**
Total equity and liabilities		**208,941**	**207,024**	**251,443**

References relate to the notes starting with Note 1 'Accounting policies'. These form an integral part of the Consolidated annual accounts. Reference is made to Note 1 'Accounting policies' for the impact of the adoption of IFRS 9 and IFRS 17. Comparative information was restated accordingly, as explained in Note 1 'Accounting policies' and Note 52 'Other IFRS 9 and IFRS 17 transition disclosures'.

Consolidated profit and loss account

For the year ended 31 December	notes	2023	2022 (Restated)
Release of contractual service margin		778	774
Release of risk adjustment		168	181
Expected claims and benefits		5,104	4,946
Expected attributable expenses		1,237	1,197
Recovery of acquisition costs		363	362
Experience adjustments for premiums		12	21
Insurance income Premium Allocation Approach		2,791	2,786
Insurance income	22	**10,453**	**10,267**
Incurred claims and benefits		5,126	4,933
Incurred attributable expenses		1,250	1,235
Amortisation of acquisition costs		363	362
Changes in incurred claims and benefits previous periods		18	-53
(Reversal of) losses on onerous contracts		209	90
Insurance expenses Premium Allocation Approach		2,287	2,548
Insurance expenses	23	**9,253**	**9,115**
Net insurance result		**1,200**	**1,152**
Net reinsurance result		-236	-52
Insurance and reinsurance result		**964**	**1,100**
Interest income		4,220	3,461
Realised gains (losses) on investments at cost and at fair value through OCI		-285	104
Gains (losses) on investments at fair value through profit or loss		4,155	-6,251
Gains (losses) on investments in real estate		-162	100
Share of result of investments in associates and joint ventures		-237	164
Impairments on investments		-41	-28
Other		1,015	-486
Investment result	24	**8,665**	**-2,936**
Finance result on (re) insurance contracts	25	5,913	-3,980
Result on investment contracts		9	8
Finance result other	25	1,033	589
Finance result		**6,955**	**-3,383**
Net investment result		**1,710**	**447**
Fee and commission result	26	388	342
Result on disposals of group companies		16	-78
Non-attributable operating expenses	27	-1,718	-1,302
Other		172	139
Other result		**-1,142**	**-899**
Result before tax from continuing operations		**1,532**	**648**
Taxation	33	348	108
Net result from continuing operations		**1,184**	**540**
Net result from discontinued operations			27
Net result from disposal of discontinued operations			1,062
Discontinued operations	28		**1,089**
Net result from continuing and discontinued operations		**1,184**	**1,629**

Consolidated profit and loss account continued

Net result from continuing and discontinued operations

For the year ended 31 December	2023	2022 (Restated)
Net result from continuing and discontinued operations attributable to:		
Shareholders of the parent	1,172	1,634
Minority interests	12	-5
Net result from continuing and discontinued operations	**1,184**	**1,629**

Net result from continuing operations

For the year ended 31 December	2023	2022 (Restated)
Net result from continuing operations attributable to:		
Shareholders of the parent	1,172	547
Minority interests	12	-7
Net result from continuing operations	**1,184**	**540**

Net result from discontinued operations

For the year ended 31 December	2023	2022 (Restated)
Net result from discontinued operations attributable to:		
Shareholders of the parent		1,087
Minority interests		2
Net result from discontinued operations	**0**	**1,089**

Earnings per ordinary share from continuing and discontinued operations

For the year ended 31 December and amounts in euros per ordinary share	notes	2023	2022 (Restated)
Basic earnings per ordinary share from continuing and discontinued operations	29	4.04	5.33
Diluted earnings per ordinary share from continuing and discontinued operations	29	4.04	5.33

Earnings per ordinary share from continuing operations

For the year ended 31 December and amounts in euros per ordinary share	notes	2023	2022 (Restated)
Basic earnings per ordinary share from continuing operations	29	4.04	1.66
Diluted earnings per ordinary share from continuing operations	29	4.04	1.65

Earnings per ordinary share from discontinued operations

For the year ended 31 December and amounts in euros per ordinary share	notes	2023	2022 (Restated)
Basic earnings per ordinary share from discontinued operations	29		3.68
Diluted earnings per ordinary share from discontinued operations	29		3.68

Reference is made to Note 29 ‘Earnings per ordinary share’ for the disclosure on the Earnings per ordinary share.

Consolidated statement of comprehensive income

For the year ended 31 December		2023		2022 (Restated)
Net result		**1,184**		**1,629**
– finance result on insurance contracts, recognised in OCI	-2,634		26,025	
– finance result on reinsurance contracts, recognised in OCI	-15		-143	
– revaluations on debt securities at fair value through OCI	1,866		-14,031	
– revaluations on loans at fair value through OCI	732		-6,695	
– realised gains (losses) transferred to the profit and loss account	248		-21	
– changes in cash flow hedge reserve	-53		-5,943	
– share of OCI of investments in associates and joint ventures	-9		9	
– foreign currency exchange differences	-80		-105	
Items that may be reclassified subsequently to the profit and loss account		**55**		**-904**
– revaluations on equity securities at fair value through OCI	270		-1,596	
– revaluations on property in own use	-1		2	
– remeasurement of the net defined benefit asset/liability	-12		68	
Items that will not be reclassified to the profit and loss account		**257**		**-1,526**
Total other comprehensive income		**312**		**-2,430**
Total comprehensive income		**1,496**		**-801**
Comprehensive income attributable to:				
Shareholders of the parent		1,484		-751
Minority interests		12		-50
Total comprehensive income		**1,496**		**-801**

Reference is made to Note 33 ‘Taxation’ for the disclosure on the income tax effects on each component of comprehensive income.

Consolidated statement of cash flows

For the year ended 31 December	2023	2022 (Restated)
Result before tax	1,532	1,747
Adjusted for:		
– depreciation and amortisation	152	146
– changes in (re) insurance and investment contracts	5,156	-5,426
– realised results and impairments on investments	-3,829	6,175
– other	339	843
Net premiums, claims, and attributable expenses on (re) insurance contracts	-3,055	-2,565
Tax paid (received)	-270	-145
Changes in:		
– derivatives	-2,039	767
– investments at cost	-708	-920
– other assets	1,995	-3,909
– customer deposits	10	200
– other liabilities	779	-5,032
Net cash flow from operating activities	**62**	**-8,119**
Investments and advances:		
– group companies, net of cash acquired	-18	-547
– investments at fair value through OCI	-17,857	-28,175
– investments at cost	-113	
– investments at fair value through profit or loss	-11,375	-11,422
– investments in associates and joint ventures	-507	-766
– investments in real estate	-193	-136
– other investments	-76	-107
Disposals and redemptions:		
– group companies	19	1,508
– investments at fair value through OCI	23,614	34,171
– investments at cost	75	59
– investments at fair value through profit or loss	10,651	10,352
– investments in associates and joint ventures	259	971
– investments in real estate	50	100
– other investments	4	4
Net cash flow from investing activities	**4,533**	**6,012**
Repayments of undated subordinated notes	-333	
Proceeds from issuance of subordinated notes	993	494
Repayments of subordinated notes	-667	-500
Repayments of debt instruments issued	-500	-600
Proceeds from other borrowed funds	9,595	10,090
Repayments of other borrowed funds	-10,938	-5,716
Dividend paid	-428	-535
Purchase (sale) of treasury shares	-632	-1,391
Coupon on undated subordinated notes	-76	-78
Net cash flow from financing activities	**-2,986**	**1,764**
Net cash flow	**1,609**	**-343**

Included in Net cash flow from operating activities

For the year ended 31 December	2023	2022 (Restated)
Interest received	4,193	3,876
Interest paid	-762	-569
Dividend received	608	609

Cash and cash equivalents

For the year ended 31 December	2023	2022 (Restated)
Cash and cash equivalents at the beginning of the year without held for sale	6,670	6,929
Cash and cash equivalents at the beginning of the year classified as assets held for sale		226
Cash and cash equivalents at the beginning of the year	**6,670**	**7,155**
Net cash flow	1,609	-343
Effect of foreign currency exchange differences on cash and cash equivalents	-72	-142
Cash and cash equivalents at the end of the year	**8,207**	**6,670**

Consolidated statement of changes in equity (2023)

	Share capital	Share premium	Reserves	Total Shareholders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
Balance at 1 January 2023 (Restated)	**35**	**12,578**	**6,652**	**19,265**	**72**	**1,764**	**21,101**
Finance result on insurance contracts recognised in OCI			-2,634	-2,634			-2,634
Finance result on reinsurance contracts recognised in OCI			-15	-15			-15
Revaluations on debt securities at fair value through OCI			1,866	1,866			1,866
Revaluations on loans at fair value through OCI			732	732			732
Realised gains (losses) transferred to the profit and loss account			248	248			248
Changes in cash flow hedge reserve			-53	-53			-53
Share of OCI of investments in associates and joint ventures			-9	-9			-9
Foreign currency exchange differences			-80	-80			-80
Revaluations on equity securities at fair value through OCI			270	270			270
Remeasurement of the net defined benefit asset/liability			-12	-12			-12
Revaluations on property in own use			-1	-1			-1
Total amount recognised directly in equity (OCI)	**0**	**0**	**312**	**312**	**0**	**0**	**312**
Net result for the period			1,172	1,172	12		1,184
Total comprehensive income	**0**	**0**	**1,484**	**1,484**	**12**	**0**	**1,496**
Issuance (redemption) of undated subordinated notes				0		-348	-348
Changes in share capital	-1	1		0			0
Dividend			-422	-422	-5		-427
Purchase (sale) of treasury shares			-632	-632			-632
Employee stock option and share plans			1	1			1
Coupon on undated subordinated notes			-57	-57			-57
Changes in the composition of the group and other changes			-15	-15			-15
Balance at 31 December 2023	**34**	**12,579**	**7,011**	**19,624**	**79**	**1,416**	**21,119**

Consolidated statement of changes in equity (2022) (Restated)

	Share capital	Share premium	Reserves	Total Shareholders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
Balance as reported at 31 December 2021	**38**	**12,575**	**20,275**	**32,888**	**266**	**1,764**	**34,918**
Impact (net of tax) of IFRS 9			2,623	2,623			2,623
Impact (net of tax) of IFRS 17			-13,887	-13,887	-22		-13,909
Balance at 1 January 2022 (Restated)	**38**	**12,575**	**9,011**	**21,624**	**244**	**1,764**	**23,632**
Finance result on insurance contracts recognised in OCI			26,025	26,025			26,025
Finance result on reinsurance contracts recognised in OCI			-143	-143			-143
Revaluations on debt securities at fair value through OCI			-13,986	-13,986	-45		-14,031
Revaluations on loans at fair value through OCI			-6,695	-6,695			-6,695
Realised gains (losses) transferred to the profit and loss account			-21	-21			-21
Changes in cash flow hedge reserve			-5,943	-5,943			-5,943
Share of OCI of investments in associates and joint ventures			9	9			9
Foreign currency exchange differences			-105	-105			-105
Revaluations on equity securities at fair value through OCI			-1,596	-1,596			-1,596
Remeasurement of the net defined benefit asset/liability			68	68			68
Revaluations on property in own use			2	2			2
Total amount recognised directly in equity (OCI)	**0**	**0**	**-2,385**	**-2,385**	**-45**	**0**	**-2,430**
Net result for the period			1,634	1,634	-5		1,629
Total comprehensive income	**0**	**0**	**-751**	**-751**	**-50**	**0**	**-801**
Changes in share capital	-3	3		0			0
Dividend			-413	-413	-122		-535
Purchase (sale) of treasury shares			-1,391	-1,391			-1,391
Employee stock option and share plans			-6	-6			-6
Coupon on undated subordinated notes			-58	-58			-58
Changes in the composition of the group and other changes			260	260			260
Balance at 31 December 2022 (Restated)	**35**	**12,578**	**6,652**	**19,265**	**72**	**1,764**	**21,101**

Reference is made to Note 52 'Other IFRS 9 and IFRS 17 transition disclosures' for the reconciliation of the restated consolidated statement of changes in equity 2022.

1 Accounting policies

Basis of preparation

NN Group N.V. (NN Group) is a public limited liability company (naamloze vennootschap) incorporated under Dutch law. NN Group has its official seat in Amsterdam, the Netherlands and its office address in The Hague, the Netherlands. NN Group is recorded in the Commercial Register under number 52387534. The principal activities of NN Group are described in the section 'About NN'. Amounts in the annual accounts are in millions of euros, unless stated otherwise.

NN Group prepares its Consolidated annual accounts in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS-EU) and Part 9 of Book 2 of the Dutch Civil Code. In the Consolidated annual accounts, the term IFRS-EU is used to refer to these standards, including the decisions NN Group made with regard to the options available under IFRS-EU. IFRS-EU provides a number of options in accounting policies. The key areas, in which IFRS-EU allows accounting policy choices and the related NN Group accounting policy, are summarised as follows:

- NN Group disaggregates insurance finance result between profit or loss and in the 'Revaluation reserve' in 'Other comprehensive income' (OCI) in equity.
- NN Group's accounting policy for real estate investments is fair value, with changes in the fair value reflected immediately in the Consolidated profit and loss account.
- NN Group's accounting policy for property in own use is fair value, with changes in the fair value reflected, after tax, in the 'Revaluation reserve' in 'Other comprehensive income' (equity). A net negative revaluation on individual properties is reflected immediately in the Consolidated profit and loss account.

NN Group applies fair value hedge accounting to portfolio hedges of interest rate risk (macro hedging) under the EU 'carve out' of IFRS-EU. NN Group currently does not apply the IFRS-EU exemption for aggregation of certain insurance contracts.

NN Group's accounting policies under IFRS-EU, its decision on the options available and significant judgement used are included in the relevant notes.

Changes in IFRS-EU effective in 2023

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' was issued in 2014. IFRS 9 replaces most of IAS 39 'Financial Instruments: Recognition and Measurement' and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Main features of IFRS 9

The **classification and measurement** of financial assets under IFRS 9 depends on NN Group's business model and the instrument's contractual cash flow characteristics. This results in financial assets being recognised at amortised cost, at fair value through other comprehensive income (equity) or at fair value through profit or loss. In many instances, the classification and measurement under IFRS 9 is similar to IAS 39, although changes in classification occur. For equity securities accounted for at fair value through other comprehensive income, realised gains and losses are no longer recognised in the profit and loss account but reclassified within equity and impairments are also no longer recognised. The classification and measurement of financial liabilities remains unchanged.

The recognition and measurement of impairment under IFRS 9 is intended to be more forward-looking than under IAS 39. The impairment requirements of IFRS 9 apply to all financial assets measured at amortised cost and at fair value through other comprehensive income, except for equity securities. Initially, a provision is required for expected credit losses resulting from default events that are expected within the next twelve months. In the event of a significant increase in credit risk, a provision is required for expected credit losses resulting from all possible default events over the expected life of the financial assets. Reference is made to Note 3 'Investments at fair value through other comprehensive income' for more information on impairments.

The **hedge accounting** requirements of IFRS 9 aim to simplify hedge accounting. IFRS 9 includes the option to continue applying IAS 39 for hedge accounting.

1 Accounting policies continued

Effective date of IFRS 9 and comparative information

IFRS 9 is effective as of 2018. However, for entities with activities that are predominantly connected with insurance, amongst which NN Group qualified, there was a temporary exemption to align the effective date with that of IFRS 17, i.e. 1 January 2023. NN Group applied this temporary exemption. IFRS 9 includes an option to restate the comparative information for the financial year 2022, except for assets that have been disposed of in 2022. IFRS 17 includes an option to apply a 'classification overlay approach' for assets of entities of which the activities are predominantly connected with insurance, amongst which NN Group qualifies. Based on this overlay approach in IFRS 17, also the comparative information for assets that were disposed of in 2022 may be restated. NN Group applied both options, resulting in comparative information for 2022 as if IFRS 9 had always been applied. As a result, the transition date for IFRS 9 for NN Group was 1 January 2022.

NN Group's implementation of IFRS 9

For **classification and measurement**, NN Group aligned the accounting for financial assets under IFRS 9 as much as possible to the accounting for insurance liabilities under IFRS 17. As a result, NN Group accounts for financial assets of the insurance operations at fair value through other comprehensive income (equity) where allowed under IFRS 9. This mainly impacted the accounting for (mortgage) loans in the insurance operations (which were accounted for at amortised cost). Accounting for (mortgage) loans in the banking operations remained unchanged at amortised cost. Measurement of investments in equity securities remained unchanged at fair value through other comprehensive income, but realised gains and losses and impairments are no longer recognised in the profit and loss account.

For **hedge accounting**, NN Group continues applying the hedge accounting requirements in IAS 39.

Reference is made to Note 3 'Investments at fair value through other comprehensive income', Note 4 'Investments at cost' and Note 5 'Investments at fair value through profit or loss' for more information on the accounting policies used under IFRS 9.

IFRS 17 'Insurance Contracts'

IFRS 17 'Insurance Contracts' was issued in 2017 and revised in 2020. IFRS 17 covers the recognition and measurement, presentation and disclosure of insurance contracts and replaces IFRS 4. IFRS 17 fundamentally changed the accounting for insurance liabilities and deferred acquisition costs (DAC) for all insurance companies, including NN Group and its subsidiaries. IFRS 17 is endorsed in the EU and is effective as of 1 January 2023.

Main features of IFRS 17

The main features of IFRS 17 are:

- Measurement of the insurance liabilities in the balance sheet at current fulfilment value, being the sum of the present value of estimated future cash flows and a risk adjustment.
- Remeasurement of the current fulfilment value every reporting period using current assumptions and discount rates.
- A contractual service margin ('CSM') is recognised in the balance sheet, which is equal to the unearned expected profit in a group of insurance contracts at issue date and which is subsequently recognised in the profit and loss account over the remaining coverage period of the group of contracts. Losses on onerous contracts are recognised immediately in the profit and loss account.
- Insurance contracts are aggregated per CSM group under IFRS 17. A CSM group consists of contracts within the same portfolio, the same profitability bucket and issued in the same annual period. Contracts are in the same portfolio if these are managed together and have similar risks. NN Group uses at least three profitability buckets: onerous contracts, contracts that have no possibility of becoming onerous and remaining contracts. Contract issued in the same annual period are referred to as an annual cohort.
- Certain changes in the insurance liability are adjusted against the contractual service margin and thereby recognised in the profit and loss account over the remaining coverage period of the group of contracts.
- The effect of changes in discount rates is, depending on the choice made per portfolio of insurance contracts measured under the General Model or Premium Allocation Approach, recognised either in the profit and loss account or in other comprehensive income ('OCI') in equity. When recognised in other comprehensive income, the effect of these changes is recognised in the profit and loss account over the duration of the portfolio.
- The presentation of the balance sheet, profit and loss account, other primary statements and the disclosures in the notes changed fundamentally. The profit and loss account will have a margin-type of presentation (with insurance result, investment result and other result). Premium income will no longer be used to determine revenue under the General Model and the Variable Fee Approach.
- IFRS 17 is implemented retrospectively with amendment of comparative figures.

1 Accounting policies continued

Key measurement differences between IFRS 17 and NN Group's previous IFRS accounting

The main differences for measuring the insurance liability between the requirements in IFRS 17 and the previously applicable IFRS 4 relate to the following:

- IFRS 17 requires insurance liabilities to be measured using current best estimate assumptions and current market data for all actuarial and financial assumptions. IFRS 4 allowed the use of locked-in assumptions that are set at issue of the policies, in combination with a reserve adequacy test at current assumptions.
- The insurance liability under IFRS 17 includes an explicit risk adjustment for non-financial risk and an explicit contractual service margin, representing the unamortised part of the updated profit margin. These elements were not explicitly recognised under IFRS 4.
- IFRS 17 allows certain changes in assumptions to be absorbed in the contractual service margin or in other comprehensive income in equity. Under IFRS 4, changes in assumptions were, to the extent relevant, recognised in the profit and loss account.
- In applying IFRS 4, directly attributable acquisition costs (Deferred Acquisition Costs, DAC) and the Value Of Business Acquired (VOBA) were recognised as assets which were amortised in the profit and loss account over time. In applying IFRS 17, DAC and VOBA are (implicitly) accounted for as part of the insurance liability.
- Deferred interest credited to policyholders is no longer separately accounted for but is (implicitly) part of the insurance liability under IFRS 17.

Key measurement differences between IFRS 17 and Solvency II

Both IFRS 17 and Solvency II require insurance liabilities to be measured on the basis of the net present value of the best estimate of future expected cash flows and an explicit allowance for non-financial risk. There are however significant differences in the following areas:

- In Solvency II, the initial margin in the premium over the insurance liability is recognised immediately in Own Funds. In IFRS 17, such initial margin (when positive) is recognised as contractual service margin in the insurance liability and amortised and adjusted over time.
- In Solvency II the discount rate is prescribed by the prudential regulator, whereas the discount rate under IFRS 17 is set by NN Group taking into account the specific characteristics of NN Group's portfolios.
- In Solvency II the cost of capital rate and the level of diversification in determining the risk adjustment is prescribed by the regulator, whereas under IFRS 17 these are set by NN Group taking into account the specific characteristics of NN Group's portfolios.
- There are differences in the best estimate of future cash flows, for example, caused by different requirements for contract boundaries and expense allocation in Solvency II and IFRS 17.

NN Group's implementation of IFRS 17

IFRS 17 allows certain accounting policy choices and requires judgment in setting certain assumptions. The most important choices and assumptions that are relevant to NN Group are set out below.

- NN Group applies each of the three **accounting models** in IFRS 17. The General Model is the default model and is applied to traditional life insurance portfolios. The Variable Fee Approach is applied to most unit-linked portfolios, except for unit linked portfolios for which the guarantees were in the money at the date of the Variable Fee Approach assessment. The Premium Allocation Approach is applied to the P&C contracts in Netherlands Non-life with a coverage period of 12 months or less.
- NN Group determines per portfolio of insurance contracts whether changes in financial assumptions are reflected in other comprehensive income (**the 'OCI option'**) or directly in the profit and loss account. For contracts accounted for under the General Model and Premium Allocation Approach, in principle the OCI option is used, unless accounting for the impact of changes in financial assumptions directly in the profit and loss account resolves accounting mismatches or is otherwise preferred. For contracts accounted for under the Variable Fee Approach, the OCI option is, in principle, not applied.
- For the **level of aggregation**, under the EU-endorsed version of IFRS 17 (IFRS-EU), certain specific insurance contracts may be aggregated on the level of a profitability group within a portfolio and do not need to be further disaggregated by the year in which these contracts were issued ('annual cohorts'). NN Group does currently not apply this IFRS-EU exemption.
- **Estimates of future cash flows** reflect mortality rate assumptions that are derived from recent credible national mortality tables published by relevant actuarial or statistical bodies; where needed, these tables are adjusted so as to reflect NN Group's experience of its own portfolio. Lapse rates are set by major product line based on NN Group's own experience. Estimates of future cashflows include NN Group's projection of future expenses to the extent that these are attributable to the fulfilment of contracts.
- **Discount rates** to discount the expected future fulfilment cash flows are determined using a liquid risk-free curve to which an illiquidity premium is added. For the Euro currency, the most prominent currency within the group, the risk-free curve is based on the swap rate and includes a last liquid point (LLP) of 30 years and a long-term forward rate (LTFR) of 3.35%. The illiquidity premium is derived from NN Group's own asset portfolio, where the asset yield is adjusted for expected and unexpected credit losses.

1 Accounting policies continued

- The **risk adjustment** for non-financial risk is determined using the Cost of Capital methodology based on the Solvency II internal model or standard formula, depending on the entity within the Group. The risk adjustment reflects diversification with market risks within the entity and diversification with other entities within NN Group ('Group diversification'). The Cost of Capital rate represents NN Group's view on the compensation required for bearing risk; the rate used in the fulfilment value of insurance liabilities is 4%.
- NN Group used each of the **transition approaches** in IFRS 17. In the modified retrospective transition approach, NN Group used mainly the modifications for historical cash flows and the historical release of the risk adjustment. The modified retrospective approach was applied for certain portfolios in the Insurance Europe segment. In the fair value transition approach, the contractual service margin was determined by reference to the fair value of insurance liabilities. Fair value was determined similar to fulfilment value, except that no group diversification was reflected in the risk adjustment, the cost of capital rate in the risk adjustment was set at 6% and expenses also included non-directly attributable expenses. The fair value transition approach was, amongst others, applied to portfolios in Netherlands Life. Reference is made to Note 13 'Insurance contracts' for more information on the accounting policies used under IFRS 17.

Impact of IFRS 9 and IFRS 17 on NN Group

NN Group implemented IFRS 17 together with IFRS 9. The implementation of IFRS 9 and IFRS 17 resulted in significant changes to NN Group's accounting policies and had a significant impact on shareholders' equity, net result, presentation and disclosures. Shareholders' equity under IFRS 9 and IFRS 17 was significantly lower at the 1 January 2022 transition date as a result of the measurement of insurance liabilities at current assumptions (including a current discount rate).

The table below provides a reconciliation between shareholders' equity at 31 December 2021 as previously reported to shareholders' equity in the Restated balance sheet at 1 January 2022 (the 'Transition date') after implementation of IFRS 9 and IFRS 17.

Impact of IFRS 9 and IFRS 17 on Shareholders' Equity

31 December 2021/1 January 2022	Share capital and premium	Revaluation reserves	Other reserves	Minority interest	Undated subordinated notes	Total equity
Total equity as reported at 31 December 2021	**12,613**	**14,422**	**5,853**	**266**	**1,764**	**34,918**
Impact (net of tax) of IFRS 9:						
– Loans to fair value through OCI		2,607	38			2,645
– Available-for-sale to fair value through profit or loss		-680	680			
– Impairments		-511	489			-22
Impact (net of tax) of IFRS 17:						
– Remeasurement of (re) insurance contracts		-4,658	-9,229			-13,887
Impact (net of tax) on minority interests				-22		-22
Restated total equity at 1 January 2022	**12,613**	**11,180**	**-2,169**	**244**	**1,764**	**23,632**

The decrease in equity at the transition date mainly reflects the remeasurement of insurance liabilities to current discount rates and other current assumptions. Under the IFRS accounting policies applied by NN Group until 1 January 2023, only the revaluation of assets was recognised in equity, whilst the offsetting effect of revaluation on insurance liabilities was not recognised.

Under IFRS 9 and IFRS 17 the revaluation on both assets and liabilities is recognised in equity. Shareholders' equity under IFRS 9 and IFRS 17 at the 1 January 2022 transition date was significantly lower (decrease from EUR 32,888 million to EUR 21,624 million) as a result of the measurement of insurance liabilities at current assumptions. However, with the increase of market interest rates during 2022, the shareholders' equity under the IFRS accounting policies applied by NN Group until 1 January 2023 decreased from EUR 32,888 million at 31 December 2021 to EUR 16,005 million at 31 December 2022, and, therefore, the difference with shareholders' equity under IFRS 9 and IFRS 17 largely reversed in 2022.

1 Accounting policies continued

The table below provides a reconciliation between the carrying amounts at 31 December 2021 as reported under IAS 39 and IFRS 4 to the restated amounts in the balance sheet at 1 January 2022 (the 'transition date') after implementation of IFRS 9 and IFRS 17.

Reconciliation of balance sheet 31 December 2021/ 1 January 2022 ('transition date')

Balance sheet item – IAS 39 and IFRS 4	Reported amount	IFRS 9 1. Remeasurement	IFRS 9 2. Reclassification	IFRS 17 3. Reclassification	IFRS 17 4. Remeasurement	Adjusted amount	Restated balance sheet item – with IFRS 9 and IFRS 17
Cash and cash equivalents	6,929					6,929	Cash and cash equivalents
Available-for-sale investments	107,883	49,279	-7,212			149,950	Investments at fair value through OCI
Loans	68,200	-45,880		-944		21,376	Investments at cost
Financial assets designated at fair value through profit or loss	991	123	46,473			47,587	Investments at fair value through profit or loss
Real estate investments	2,719					2,719	Investments in real estate
Associates and joint ventures	6,919					6,919	Investments in associates and joint ventures
Investments for risk of policyholders	39,261		-39,261				
					125	125	Insurance contracts
Reinsurance contracts	954				-247	707	Reinsurance contracts
Non-trading derivatives	6,419					6,419	Derivatives
Property and equipment	414					414	Property and equipment
Intangible assets	1,129			-197		932	Intangible assets
Deferred acquisition costs	1,893			-1,893			
Deferred tax assets	47	-60			44	31	Deferred tax assets
Assets held for sale	4,121				14	4,135	Assets held for sale
Other assets	3,706			-506		3,200	Other assets
Total assets	**251,585**	**3,462**	**0**	**-3,540**	**-64**	**251,443**	**Total assets**
Insurance and investment contracts	168,812			-1,863	15,631	182,580	Insurance contracts
					2,698	2,698	Investment contracts
					325	325	Reinsurance contracts
Debt securities issued	2,292					2,292	Debt instruments issued
Subordinated debt	2,356					2,356	Subordinated debt
Other borrowed funds	7,301					7,301	Other borrowed funds
Customer deposits and other funds on deposit	15,945					15,945	Customer deposits
Non-trading derivatives	1,904					1,904	Derivatives
Deferred tax liabilities	4,817	839			-4,875	781	Deferred tax liabilities
Liabilities held for sale	3,464				66	3,530	Liabilities held for sale
Other liabilities	9,776			-1,677		8,099	Other liabilities
Total liabilities	**216,667**	**839**	**0**	**-3,540**	**13,845**	**227,811**	**Total liabilities**
Total equity	**34,918**	**2,623**	**0**	**0**	**-13,909**	**23,632**	**Total equity**

The references in the columns above are explained as follows:

1. Loans held by insurance entities within NN Group are remeasured from amortised cost to fair value and mostly presented and measured as Investments at fair value through other comprehensive income; these are subject to an expected credit loss provision.

2. Available-for-sale investments that do not qualify for measurement at fair value through other comprehensive income are presented as Investments at fair value through profit or loss. Investments for risk of policyholders are presented as Investments at fair value through profit or loss.

1 Accounting policies continued

3. Deferred acquisition costs, value of business acquired, policy loans and insurance receivables and payables are derecognised and form part of the liability for insurance contracts.

4. Measurement differences on (re) insurance assets and liabilities; Reinsurance and Investment contracts are presented separately.

Further details on Insurance contracts under IFRS 17 are presented below:

Insurance contracts (IFRS 17) by component

	1 January 2022 (Restated)
Premium Allocation Approach (PAA)	2,872
General Model and Variable Fee Approach:	
– estimates of the present value of future cash flows	170,499
– risk adjustment	2,857
– contractual service margin	
– determined retrospectively	1,098
– determined under the modified retrospective approach	1,194
– determined under the fair value approach	3,935
Total Insurance contracts	**182,455**
Insurance contracts, presented as assets	125
Insurance contracts, presented as liabilities	182,580
Total Insurance contracts	**182,455**

Approximately 90% of the Total insurance contracts was determined using the fair value transition approach.

NN Group continues using Operating result as an Alternative Performance Measure. The definition of Operating result was amended to reflect the impact of IFRS 9 and IFRS 17. NN Group also continued using the financial leverage ratio. The leverage ratio was based on equity excluding the revaluation on (only) assets; NN Group amended the leverage ratio by including net revaluations and contractual service margin. Reference is made to Note 30 'Segments' and Note 51 'Capital and liquidity management'.

The implementation of IFRS 9 and IFRS 17 did not impact NN Group's Own Funds and the Solvency Capital Requirement under Solvency II, nor its Operating Capital Generation (OCG).

Reference is made to Note 13 'Insurance contracts' and Note 52 'Other IFRS 9 and IFRS 17 transition disclosures' for further details.

In the Notes below, all references to 'Opening balance' refer to the restated balances for IFRS 9 and IFRS 17 at 31 December 2021 and 1 January 2022. References to '2022', '2022 Closing balance' and '31 December 2022' refer to the restated balances for those periods.

IAS 12 'Income Taxes'

In May 2023, 'International Tax Reform – Pillar Two Model Rules' was issued, which amends IAS 12 'Income Taxes'. NN Group applies this amendment as of 2023. Related disclosures are included in Note 33 'Taxation'.

Other changes in accounting standards that became effective

In addition to the new accounting standards IFRS 9 and IFRS 17 and the change in IAS 12, the following amendments and revisions to existing standards became effective in 2023:

- IAS 1, Disclosure of Accounting Policies, and IFRS Practice Statement 2, Making Materiality Judgements
- IAS 8, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

These changes had no material impact on NN Group's consolidated annual accounts.

1 Accounting policies continued

Upcoming changes in IFRS-EU

The following amendments and revisions to standards and interpretations have been issued by the IASB but are not yet effective:

- IAS 1, Classification of Liabilities as Current or Non-current
- IAS 1, Non-current Liabilities with Covenants
- IFRS 16, Lease Liability in a Sale and Leaseback
- IAS 7 and IFRS 7, Supplier Finance Arrangements
- IAS 21, Lack of exchangeability

These changes are not expected to have a material impact on NN Group's consolidated annual accounts.

Changes in presentation

The presentation of, and certain terms used in, the Consolidated balance sheet, Consolidated profit and loss account, Consolidated statement of cash flows, Consolidated statement of changes in equity and the notes was changed to provide additional and more relevant information or (for changes in comparative information) to better align with the current period presentation. The impact of these changes is explained in the respective notes when significant.

Material accounting policies and significant judgements

NN Group has identified the accounting policies that are most material to its business operations and to the understanding of its results. These material accounting policies are those which involve the most complex or subjective judgements and assumptions and relate to insurance contracts, acquisition accounting, the determination of the fair value of real estate and financial assets and liabilities and impairments. In each case, the determination of these items is fundamental to the financial condition and results of operations and requires management to make complex judgements based on information and financial data that may change in future periods. As a result, determinations regarding these items necessarily involve the use of assumptions and subjective judgements as to future events and are subject to change, as the use of different assumptions or data could produce significantly different results. All valuation techniques used are subject to internal review and approval. For further details on the application of these accounting policies, reference is made to the applicable notes to the Consolidated annual accounts and the information below.

Reference is made to Note 50 'Risk management' for a sensitivity analysis of certain assumptions.

General accounting policies

Consolidation

NN Group comprises NN Group N.V. and all its subsidiaries. The Consolidated annual accounts of NN Group comprise the accounts of NN Group N.V. and all entities over which NN Group has control. NN Group has control over an entity when NN Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assessment of control is based on the substance of the relationship between NN Group and the entity and considers existing and potential voting rights that are substantive. For a right to be substantive, the holder must have the practical ability to exercise that right.

For interests in investment entities, the existence of control is determined taking into account both NN Group's financial interests for own risk and its role as asset manager. Financial interests for risk of policyholders are not taken into account when the policyholders decide on the investment allocations of their insurance policies (i.e. the policyholder has the 'power') and assume all risks and benefits of these investments (i.e. the policyholder assumes the variable returns).

The results of the operations and the net assets of subsidiaries are included in the profit and loss account and the balance sheet from the date control is obtained until the date control is lost. Minority interests are initially measured at their proportionate share of the subsidiaries' identifiable net assets at the date of acquisition. On disposal, the difference between the sales proceeds, net of directly attributable transaction costs, and the net assets is included in net result.

1 Accounting policies continued

A subsidiary which NN Group has agreed to sell but is still legally owned by NN Group may still be controlled by NN Group at the balance sheet date and, therefore, still be included in the consolidation. Such a subsidiary may be presented as held for sale if certain conditions are met.

All intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Where necessary, the accounting policies used by subsidiaries are changed to ensure consistency with NN Group policies. In general, the reporting dates of subsidiaries are the same as the reporting date of NN Group N.V.

A list of principal subsidiaries is included in Note 32 'Principal subsidiaries and geographical information'.

Foreign currency translation

Functional and presentation currency

Items included in the annual accounts of each NN Group entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated annual accounts are presented in euros, which is NN Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. The release of the contractual service margin of insurance contracts is translated similarly. Exchange rate differences resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when deferred in equity as part of qualifying cash flow hedges, qualifying net investment hedges or as result of applying the OCI option on insurance contracts.

Exchange rate differences on non-monetary items, measured at fair value through profit or loss, are reported as part of the 'fair value gain or loss'. Exchange rate differences on non-monetary items measured at fair value through other comprehensive income (equity) are included in the 'revaluation reserve' in equity.

Exchange rate differences in the profit and loss account are generally included in 'Foreign currency exchange results' as part of investment result. Exchange rate differences relating to the disposal of debt and equity securities are considered to be an inherent part of the capital gains and losses. On disposal of group companies, any foreign currency exchange difference deferred in equity is recognised in the profit and loss account in 'Result on disposals of group companies'.

Group companies

The results and financial positions of all group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities included in each balance sheet are translated at the closing rate at the date of that balance sheet
- Income and expenses included in each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- All resulting exchange rate differences are recognised in a separate component of equity in 'Currency translation reserve'

On consolidation, exchange rate differences arising from the translation of a monetary item that forms part of the net investment in a foreign operation and of borrowings and other instruments designated as hedges of such investments are taken to shareholders' equity. When a foreign operation is sold the corresponding exchange rate differences are recognised in the profit and loss account as part of the gain or loss on sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the balance sheet date.

1 Accounting policies continued

Recognition and derecognition of financial instruments

Financial assets and liabilities are generally (de)recognised at trade date, which is the date on which NN Group commits to purchase or sell the asset. Loans and receivables are recognised at settlement date, which is the date on which NN Group receives or delivers the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where NN Group has transferred substantially all risks and rewards of ownership. If NN Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it derecognises the financial asset if it no longer has control over the asset.

Realised gains and losses on investments are determined as the difference between the sales proceeds and (amortised) cost. For equity securities, the cost is determined using a weighted average per portfolio. For debt securities, the cost is determined by specific identification (generally FIFO).

Maximum credit risk exposure

The maximum credit risk exposure for items on the balance sheet is generally the carrying value for the relevant financial assets. For the off-balance sheet items, the maximum credit exposure is the maximum amount that could be required to be paid. Reference is made to Note 42 ‘Contingent liabilities and commitments’ for these off-balance sheet items. Collateral received is not taken into account when determining the maximum credit risk exposure. The manner in which NN Group manages credit risk and determines credit risk exposures is explained in Note 50 ‘Risk management’.

Leases

The leases entered into by NN Group as a lessee are primarily operating leases. At inception of a contract, NN Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The net present value of operating lease commitments is recognised on the balance sheet as a ‘right of use asset’ under Property and equipment or Real estate investments and a lease liability is recognised under Other liabilities. NN Group does not recognise a right of use asset and a lease liability for short-term leases that have a lease term of 12 months or less and for leases of low value assets. The lease payments associated with these leases are recognised as an expense.

Fiduciary activities

NN Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions when conducting asset management activities. The assets and income arising thereon are excluded from these annual accounts, as they are not assets or income of NN Group. Fees received acting as trustee and in other fiduciary capacities are recognised as income.

Statement of cash flows

The Consolidated statement of cash flows is prepared in accordance with the indirect method, classifying cash flows as cash flows from operating, investing and financing activities. In the net cash flow from operating activities, the result before tax is adjusted for those items in the profit and loss account and changes in balance sheet items, which do not result in actual cash flows during the year.

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition. Investments qualify as a cash equivalent if they are readily convertible into a known amount of cash and are not subject to significant risk of changes in value.

Cash flows arising from foreign currency transactions are translated into the functional currency using the exchange rates at the date of the cash flows.

The difference between the net cash flow in accordance with the statement of cash flows and the change in ‘Cash and cash equivalents’ in the balance sheet is due to foreign currency exchange differences and is accounted for separately as part of the reconciliation of the net cash flow and the balance sheet change in ‘Cash and cash equivalents’.

Cash flows arising from the issue of mortgage loans held in the banking operations are recognised under Net cash flows from operating activities, whereas cash flows related to mortgage loans held as investment in the insurance operations are recognised under Net cash flow from investing activities.

2 Cash and cash equivalents

Cash includes short term investments. NN Group invests in several types of money market funds, some qualifying as cash equivalents and some as investments. Short-term investments in money market funds are presented as cash equivalents only if these are highly liquid and quoted in an active market and have low investment risk.

Cash and cash equivalents

	2023	2022 (Restated)
Cash and bank balances	3,888	4,148
Money market funds	2,976	1,744
Short-term deposits	1,343	778
Cash and cash equivalents at the end of the period	**8,207**	**6,670**

As at 31 December 2023, NN Group held EUR 2,156 million (31 December 2022: EUR 2,183 million) at central banks.

Changes in Cash and cash equivalents

	2023	2022 (Restated)
Cash and cash equivalents at the beginning of the year without held for sale	6,670	6,929
Cash and cash equivalents at the beginning of the year classified as assets held for sale		226
Cash and cash equivalents at the beginning of the year	**6,670**	**7,155**
Net cash flow	1,609	-343
Effect of foreign currency exchange differences on cash and cash equivalents	-72	-142
Cash and cash equivalents at the end of the year	**8,207**	**6,670**

3 Investments at fair value through other comprehensive income

Investments at fair value through other comprehensive income include debt securities and loans that are held in a business model 'held to collect and sell' and of which the cash flows are considered solely payments of principal and interest on the principal amount outstanding. The objective of this business model 'held to collect and sell' is to fund the insurance contracts. To achieve this objective, NN Group collects contractual cash flows as they come due and sells financial assets to maintain the desired profile of the asset portfolio. Investments at fair value through other comprehensive income also include equity securities held by insurance entities within the Group so as to align the accounting for financial assets under IFRS 9 as much as possible to the accounting for insurance liabilities under IFRS 17.

Investments at fair value through other comprehensive income are initially recognised at fair value plus transaction costs. For debt securities and loans, the difference between cost and redemption value is amortised through the effective yield in the profit and loss account. Interest income on debt securities and loans is recognised in the profit and loss account in 'Investment result' using the effective interest method. Dividend income from equity securities classified as Investments at fair value through other comprehensive income is recognised in the profit and loss account in 'Investment result' when the dividend has been declared. Investments at fair value through other comprehensive income are subsequently measured at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in other comprehensive income (equity). For debt securities and loans, realised gains and losses on disposal, are recognised in the profit and loss account in 'Investment result'.

Impairments

Impairment applies to all debt securities and loans measured at amortised cost and at fair value through other comprehensive income. Initially, a provision is recognised for credit losses expected within the next 12 months. This is referred to as 'Stage 1'. If there is a significant increase in credit risk between the moment of initial recognition and the reporting date, but the exposure is not in default, the exposure is classified in 'Stage 2'. If the exposure is in default (i.e. credit impaired), it is classified in 'Stage 3'. For both 'Stage 2' and 'Stage 3', a provision is required for expected credit losses over the remaining lifetime of the financial asset.

The significance of increased credit risk is determined by considering the risk of a default occurring over the expected life of the financial asset. Default risk is individually assessed for assets that are individually significant, were previously in default or by choice. Other assets are assessed collectively per group of financial assets with similar credit risk characteristics. An asset is in default if it is probable that NN Group will not be able to collect all amounts due (principal and interest) according to the contractual terms. Default risk is determined by considering credit risk and transfer risk. NN Group uses external and internal credit ratings as primary driver in determining whether credit risk has increased significantly together with other qualitative

3 Investments at fair value through other comprehensive income continued

factors (such as market value indicators and portfolio manager assessments). If, at initial recognition, an asset is deemed to have low credit risk (i.e. for all financial assets with an internal or external rating of 'investment grade'), a significant increase in credit risk will occur when the asset's credit rating falls below 'investment grade'. NN Group will, in principle, not rebut the presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, except in specific cases if qualitative factors indicate there has not been a significant increase in credit risk.

The lifetime expected credit losses are calculated based on probability weighted macro-economic scenarios. The impairment for assets classified in stage 1 and stage 2 is determined by using Probability of Default, Loss Given Default and Exposure at Default parameters. Impairment on assets classified in stage 3 is determined by assessing the expected recoverable amount.

Determining impairments is an inherently uncertain process involving various assumptions and factors including condition of the counterparty, assessment of credit risk, statistical loss data, and discount rates. Estimates and assumptions are based on management's judgement and other information available. Significantly different results can occur as circumstances changes and additional information becomes known.

In certain circumstances NN Group may grant borrowers postponement and/or reduction of loan principal and/or interest payments for a temporary period of time to maximise collection opportunities and, if possible, avoid default, foreclosure or repossession. When such postponement and/or reduction of loan principal and/or interest payments is executed based on credit concerns it is also referred to as 'forbearance'. If the forbearance results in a substantial modification of the terms of the loan, the original loan is derecognised and a new loan is recognised at its fair value at the modification date whereas the significance of increases in credit risk is determined as set out above. If the forbearance did not result in a substantial modification, the significance of an increase in the credit risk is determined by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed. The amount of the reversal is recognised in the profit and loss account. NN Group writes-off (part of) the gross carrying amount of a financial asset when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Reference is made to Note 50 'Risk management' for more information on credit risk.

Investments at fair value through other comprehensive income

	2023	2022 (Restated)
Debt securities	66,131	69,684
Equity securities	3,919	4,106
Loans	40,050	41,271
Investments at fair value through other comprehensive income	**110,100**	**115,061**

3 Investments at fair value through other comprehensive income continued

Changes in investments at fair value through other comprehensive income (2023)

2023	Debt securities	Equity securities	Loans	Total
Opening balance	69,684	4,106	41,271	115,061
Additions	15,448	423	1,986	17,857
Disposals and redemptions	-19,995	-875	-2,744	-23,614
Revaluations	2,580	245	952	3,777
Impairments	-50		4	-46
Amortisation	-69		-55	-124
Transfers and reclassifications			-1,351	-1,351
Changes in the composition of the group and other changes			-13	-13
Foreign currency exchange differences	-1,467	20		-1,447
Closing balance	**66,131**	**3,919**	**40,050**	**110,100**

Changes in investments at fair value through other comprehensive income (2022) (Restated)

2022 (Restated)	Debt securities	Equity securities	Loans	Total
Opening balance	94,710	5,984	49,256	149,950
Additions	22,302	549	5,324	28,175
Disposals and redemptions	-29,208	-1,039	-3,924	-34,171
Revaluations	-19,064	-1,344	-9,103	-29,511
Impairments	-41		12	-29
Amortisation	-206		-130	-336
Transfers and reclassifications			-101	-101
Changes in the composition of the group and other changes	1,674	1	-68	1,607
Foreign currency exchange differences	-483	-45	5	-523
Closing balance	**69,684**	**4,106**	**41,271**	**115,061**

Changes in the composition of the group and other changes includes in 2022 the impact of the acquisition of MetLife's businesses in Poland and Greece.

Impairment – Investments at fair value through other comprehensive income (2023)

	Stage 1	Stage 2	Stage 3	
2023	12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	Total
Opening balance	-46	-22	-128	-196
Transfers between stage 1,2 and 3	2	1	-3	0
Additions	-38	5	-13	-46
Disposals		1	77	78
Closing balance	**-82**	**-15**	**-67**	**-164**

The loss allowance for investments at fair value through other comprehensive income of EUR 164 million (2022: EUR 196 million) does not reduce the carrying amount of these investments (which are measured at fair value) but gives rise to an equal and opposite gain in other comprehensive income and is included in the line 'Revaluations' in the table of Changes in investments at fair value through other comprehensive income.

3 Investments at fair value through other comprehensive income continued

Impairment – Investments at fair value through other comprehensive income (2022) (Restated)

2022 (Restated)	Stage 1 12 month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Opening balance	-23	-30	-121	-174
Transfers between stage 1,2 and 3	1	8	-9	0
Additions	-24		-5	-29
Disposals			7	7
Closing balance	**-46**	**-22**	**-128**	**-196**

4 Investments at cost

Investments at cost consist of loans that are held in a business model 'held to collect' and of which the cash flows are considered solely payments of principal and interest on the principal amount outstanding. This mainly relates to mortgage loans in the segment Banking.

Investments at cost are initially recognised at fair value plus transaction costs. Subsequently, these are carried at amortised cost using the effective interest method less any impairment losses. Interest income is recognised in the profit and loss account in 'Investment result' using the effective interest method. Reference is made to Note 3 'Investments at fair value through other comprehensive income' for more information on impairment.

Investments at cost

	2023	2022 (Restated)
Mortgage loans	21,390	20,034
Other	101	268
Impairments	-3	-11
Investments at cost – net of impairments	**21,488**	**20,291**

Changes in investments at cost (2023)

2023	Mortgage loans	Other	Total
Opening balance	20,028	263	20,291
Additions	2,728	117	2,845
Disposals and redemptions	-1,943	-156	-2,099
Fair value changes recognised on hedged items	535		535
Impairments	3	5	8
Amortisation	-27		-27
Transfers and reclassifications	64	-69	-5
Changes in the composition of the group and other changes	-1	-59	-60
Closing balance	**21,387**	**101**	**21,488**

4 Investments at cost continued

Changes in investments at cost (2022) (Restated)

2022 (Restated)	Mortgage loans	Other	Total
Opening balance	20,841	535	21,376
Additions	3,790	18	3,808
Disposals and redemptions	-2,682	-266	-2,948
Fair value changes recognised on hedged items	-1,948	2	-1,946
Impairments	1	1	2
Amortisation	-49	-2	-51
Transfers and reclassifications	75	-84	-9
Changes in the composition of the group and other changes		59	59
Closing balance	**20,028**	**263**	**20,291**

5 Investments at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if it is not measured at amortised cost or at fair value through other comprehensive income. Financial assets at fair value through profit or loss include debt securities and loans of which the cash flows are not considered solely payments of principal and interest on the principal amount outstanding, investments in investment funds, and investments held for risk of policyholders.

Transaction costs on initial recognition are expensed when incurred. Interest income from debt securities and loans classified as investments at fair value through profit or loss is recognised in the profit and loss account in 'Investment result' using the effective interest method. Dividend income from equity securities classified as investments at fair value through profit or loss is recognised in the profit and loss account in 'Investment result' when the dividend has been declared.

The investment for risk of policyholders are classified at fair value through profit or loss as to align with the accounting for the corresponding insurance liabilities.

Investments at fair value through profit or loss

	2023	2022 (Restated)
For risk of policyholders:		
– debt securities	889	1,694
– equity securities and investment funds	36,789	31,700
– loans and other	2,611	1,165
Total for risk of policyholders	**40,289**	**34,559**
For risk of company:		
– debt securities	460	899
– equity securities and investment funds	7,821	7,374
– loans and other	822	330
Total for risk of company	**9,103**	**8,603**
Investments at fair value through profit or loss	**49,392**	**43,162**

6 Investments in real estate

Investments in real estate

Real estate investments are initially measured at cost, including transaction cost and are subsequently measured at fair value. Changes in the carrying value resulting from revaluations are recognised in the profit and loss account. On disposal the difference between the sales proceeds and carrying value is recognised in the profit and loss account. The fair value of real estate investments is based on regular appraisals by independent qualified valuers. In principle each reporting period every property is valued. Market transactions and disposals made by NN Group are monitored as part of the validation procedures to test the valuations. Valuations performed earlier in the year are updated if necessary to reflect the situation at the year-end. All real estate investments are appraised externally at least annually.

The fair value represents the estimated amount for which the property could be exchanged on the date of valuation between a willing buyer and willing seller in an at-arm's-length transaction after proper marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The fair value is based on regular appraisals by external qualified valuers using valuation methods such as comparable market transactions, capitalisation of income methods or discounted cash flow calculations. The underlying assumption used in the valuation is that the properties are let or sold to third parties based on the actual letting status. The discounted cash flow analysis and capitalisation of income method are based on calculations of the future rental income in accordance with the terms in existing leases and estimations of the rental values for new leases when leases expire and incentives like rent-free periods. The cash flows are discounted using market-based interest rates that appropriately reflect the risk characteristics of real estate. The valuation of real estate investments takes (expected) vacancies into account. Occupancy rates differ significantly from investment to investment. For real estate investments held through (minority shares in) real estate investment funds, the valuations are performed under the responsibility of the funds' asset manager.

6 Investments in real estate continued

Subsequent expenditures are recognised as part of the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to NN Group and the cost of an item can be measured reliably. All other repairs and maintenance costs are recognised immediately in the profit and loss account. Borrowing costs on real estate investments under construction are capitalised until completion.

Real estate investments under construction are included in investments in real estate.

Reference is made to Note 35 'Fair value of non-financial assets' for more disclosure on fair value of real estate investments at the balance sheet date.

Changes in investments in real estate

	2023	2022 (Restated)
Investments in real estate – opening balance	2,754	2,719
Additions	193	136
Transfers from (to) property in own use		10
Transfers from (to) other assets	-1	-3
Fair value gains (losses)	-276	-8
Disposals	-50	-100
Investments in real estate – closing balance	**2,620**	**2,754**

The total amount of rental income recognised in the profit and loss account for the year ended 31 December 2023 is EUR 176 million (2022: EUR 169 million). The real estate investments include properties that are leased (ground lease). At 31 December 2023, the corresponding right of use assets amount to EUR 52 million (2022: EUR 45 million).

The total amount of direct operating expenses (including repairs and maintenance) in relation to real estate investments recognised in rental income for the year ended 31 December 2023 is EUR 62 million (2022: EUR 60 million).

Investments in real estate by year of most recent appraisal

	2023	2022 (Restated)
Most recent appraisal in current year	100%	100%
	100%	**100%**

6 Investments in real estate continued

NN Group's total exposure to real estate is included in the following balance sheet lines:

Real estate exposure

	2023	2022 (Restated)
Investments in real estate	2,620	2,754
Investments at fair value through profit or loss	2,181	2,554
Investments at fair value through OCI	348	355
Investments in associates and joint ventures	4,384	4,915
Property and equipment – property in own use	92	97
Real estate exposure	**9,625**	**10,675**

Furthermore, the exposure is impacted by third-party interests, leverage in funds and off-balance commitments. Reference is made to Note 50 'Risk management'.

7 Investments in associates and joint ventures

Associates are entities over which NN Group has significant influence, but not control. Joint ventures are entities in which NN Group has joint control.

Associates and joint ventures are initially recognised at cost (including goodwill) and subsequently accounted for using the equity method of accounting. Subsequently, NN Group's share of profits or losses is recognised in the profit and loss account and its share of changes in reserves is recognised in other comprehensive income (equity). The cumulative changes are adjusted against the carrying value of the investment. When NN Group's share of losses in an associate or joint venture equals or exceeds the book value of the associate or joint venture, NN Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealised gains and losses on transactions between NN Group and its associates and joint ventures are eliminated to the extent of NN Group's interest. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies of NN Group. The reporting dates of all significant associates and joint ventures are consistent with the reporting date of NN Group.

For interests in investment entities the existence of significant influence is determined taking into account both NN Group's financial interests for own risk and its role as asset manager.

Associates include interests in real estate funds and private equity funds. The underlying assets of both the real estate and the private equity funds are measured at fair value through profit or loss. The fair value of underlying real estate in real estate funds is determined as included in Note 6 'Investments in real estate'. The fair value of underlying private equity investments in private equity funds is generally based on a forward-looking market approach. This approach uses a combination of company financials and quoted market multiples. In the absence of quoted prices in an active market, fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects, price, earnings comparisons and by reference to market valuations for similar entities quoted in an active market. Valuations of private equity investments are mainly based on an 'adjusted multiple of earnings' methodology on the following basis:

- Earnings: reported earnings are adjusted for non-recurring items, such as restructuring expenses, for significant corporate actions and, in exceptional cases, for run-rate adjustments to arrive at maintainable earnings. The most common measure is earnings before interest, tax, depreciation and amortisation (EBITDA). Earnings used are usually management forecasts for the current year, unless data from management accounts for the 12 months preceding the reporting period or the latest audited annual accounts provide a more reliable estimate of maintainable earnings.
- Earnings multiples: earnings multiples are derived from comparable listed companies or relevant market transaction multiples for companies in the same industry and, where possible, with a similar business model and profile in terms of size, products, services and customers, growth rates and geographic focus. Adjustments are made for differences in the relative performance in the group of comparable companies.
- Adjustments: a marketability or liquidity discount is applied based on factors such as alignment with management and other investors and NN Group's investment rights in the deal structure.

7 Investments in associates and joint ventures continued

Investments in associates and joint ventures (2023)

2023	Interest held	Balance sheet value	Total assets	Total liabilities	Total income	Total expenses
Vesteda Residential Fund FGR	24%	1,545	8,982	2,590	-481	176
Rivage Euro Debt infrastructure 3	34%	313	917	1		
Macquarie European Infrastructure Debt Fund	50%	289	583	7		
CBRE Dutch Office Fund FGR	19%	273	2,214	745	-370	90
Lazora S.I.I. S.A.	23%	267	1,693	538	87	71
CBRE Retail Property Fund Iberica L.P.	50%	221	971	528	72	37
CBRE Dutch Residential Fund I FGR	7%	209	3,013	136	-269	43
Ardstone Residential Partners III	30%	208	1,031	335	29	20
Hayfin Amber GP S.A R.L.	100%	205	376	171		
NRP Nordic Logistic Fund SA	42%	194	493	31	10	5
Healthcare Activos SOCIMI S.A.	38%	177	855	387	33	20
CBRE Dutch Retail Fund FGR	21%	150	996	282	-47	21
Dutch Urban Living Venture FGR	49%	138	434	156	-39	7
Rivage Hopitaux Publics Euro	34%	133	389	3		
Dutch Student and Young Professional Housing Fund FGR	49%	130	342	78	-9	6
Allee center Kft	50%	118	257	20	21	7
CBRE UK Property Fund PAIF	9%	112	1,309	37	21	-1
Rivage Priv. Debt – Fund for Infrastr Climate Solutions	100%	110	111	1		
Fiumaranuova s.r.l.	50%	101	208	5	5	8
Rivage Euro Debt Infrastructure High return 2	34%	84	250	1		
Prime Ventures V C.V.	20%	83	466	44		4
Parquest Capital II B FPCI	29%	83	324	41		3
Delta Mainlog Holding GmbH & Co. KG	50%	77	155	1	3	2
Octopus Commercial Real Estate Debt Fund III LP	46%	77	168			
Boccaccio – Closed-end Real Estate Mutual Investment Fund	50%	73	194	48	17	3
Parcom Buy-Out Fund V CV	21%	62	358	64	88	4
CBRE Property Fund Central and Eastern Europe FGR	50%	61	171	49	24	9
DPE Deutschland III (Parallel) GmbH & Co	17%	60	426	67	-49	4
NL Boompjes Property 5 C.V.	50%	60	120	1	12	1
Other		618				
Investments in associates and joint ventures		**6,231**				

The above investments in associates and joint ventures mainly consist of non-listed investment entities investing in real estate and private equity.

7 Investments in associates and joint ventures continued

Significant influence exists for certain associates in which the interest held is below 20%, based on the combination of NN Group's financial interest for own risk and other arrangements, such as participation in the relevant boards.

NN Group holds associates over which it cannot exercise control despite holding more than 50% of the share capital. For this reason, these are classified as associates and are not consolidated.

Other includes EUR 533 million (2022: EUR 415 million) of associates and joint ventures with an individual balance sheet value of less than EUR 50 million and EUR 85 million (2022: EUR 82 million) of receivables from associates and joint ventures.

The amounts presented in the table above could differ from the individual annual accounts of the associates due to the fact that the individual amounts have been brought in line with NN Group's accounting principles.

The reporting dates of all significant associates and joint ventures are consistent with the reporting date of NN Group.

The associates and joint ventures of NN Group are subject to legal and regulatory restrictions regarding the amount of dividends that can be paid to NN Group. These restrictions are, for example, dependent on the laws in the country of incorporation for declaring dividends or as a result of minimum capital requirements imposed by industry regulators in the countries in which the associates and joint ventures operate. In addition, the associates and joint ventures also consider other factors in determining the appropriate levels of equity needed. These factors and limitations include, but are not limited to, rating agency and regulatory views, which can change over time.

7 Investments in associates and joint ventures continued

Investments in associates and joint ventures (2022) (Restated)

2022 (Restated)	Interest held	Balance sheet value	Total assets	Total liabilities	Total income	Total expenses
Vesteda Residential Fund FGR	24%	1,771	9,403	2,100	-7	-1
CBRE Dutch Office Fund FGR	19%	364	2,693	733	-84	83
Macquarie European Infrastructure Debt Fund	48%	322	690	13		
Rivage Euro Debt infrastructure 3	34%	247	725	2		
Lazora S.I.I. S.A.	22%	241	1,636	545	122	40
CBRE Dutch Residential Fund I FGR	8%	238	3,301	139	125	40
Ardstone Residential Partners III	33%	226	892	203	54	10
CBRE Retail Property Fund Iberica L.P.	50%	221	986	544	63	17
NRP Nordic Logistic Fund SA	42%	201	509	32	10	5
CBRE UK Property Fund PAIF	10%	174	1,697	19	-85	13
CBRE Dutch Retail Fund FGR	20%	170	1,181	342	-8	-43
Healthcare Activos SOCIMI S.A.	38%	164	784	350	42	11
Dutch Student and Young Professional Housing Fund FGR	49%	143	372	82	39	3
Dutch Urban Living Venture FGR	45%	142	469	157	-5	-10
Allee center Kft	50%	117	259	25	24	14
Hayfin Amber GP S.A R.L.	100%	105	197	92		
Fiumaranuova s.r.l.	50%	105	130	-79	12	9
Parcom Buy-Out Fund V CV	21%	88	534	114	173	5
The Fizz Student Housing Fund SCS	50%	88	259	82	7	6
Robeco Bedrijfsleningen FGR	26%	80	333	25	12	1
Delta Mainlog Holding GmbH & Co. KG	50%	79	164	7	-21	2
Octopus Commercial Real Estate Debt Fund III LP	46%	78	180	11		
DPE Deutschland III (Parallel) GmbH & Co	17%	74	554	110	-11	9
Parquest Capital II B FPCI	29%	71	251	8		7
Prime Ventures V C.V.	20%	69	378	27	8	4
Boccaccio - Closed-end Real Estate Mutual Investment Fund	50%	69	193	55	5	8
NL Boompjes Property 5 C.V.	50%	68	141	4	10	1
Rivage Hopitaux Publics Euro	34%	62	209	30		
Rivage Euro Debt Infrastructure High return 2	34%	60	185	6		
CBRE Property Fund Central and Eastern Europe FGR	50%	59	163	46	18	8
CBRE Dutch Retail Fund II FGR	10%	57	585	11	-50	-11
Other		497				
Investments in associates and joint ventures		**6,450**				

7 Investments in associates and joint ventures continued

Changes in investments in associates and joint ventures

	2023	2022 (Restated)
Investments in associates and joint ventures – opening balance	6,450	6,919
Additions	507	766
Transfers from (to) investments at fair value through OCI		-131
Share in changes in equity (revaluations)	-9	11
Share of result	-237	163
Dividends received	-244	-276
Disposals	-259	-971
Foreign currency exchange differences	23	-31
Investments in associates and joint ventures – closing balance	**6,231**	**6,450**

8 Property and equipment

Land and buildings held for own use are stated at fair value at the balance sheet date. Increases in the carrying value are recognised in other comprehensive income (equity). Decreases in the carrying value that offset previous increases of the same asset are charged against other comprehensive income (equity); all other decreases are recognised in the profit and loss account. Increases that reverse a revaluation decrease on the same asset previously recognised in net result are recognised in the profit and loss account. Depreciation is recognised based on the fair value and the estimated useful life (in general 20-50 years). On disposal, the related revaluation reserve in equity is transferred within equity to 'Retained earnings'.

The fair value of land and buildings is based on regular appraisals by independent, qualified valuers or internally, similar to appraisals of real estate investments. All significant holdings of land and buildings are appraised at least annually. Subsequent expenditure is included in the asset's carrying value when it is probable that future economic benefits associated with the item will flow to NN Group and the cost of the item can be measured reliably.

Equipment is stated at cost less accumulated depreciation and any impairment losses. The estimated useful lives are generally as follows: two to five years for data processing equipment and four to ten years for fixtures and fittings. Expenditure incurred on maintenance and repairs is recognised in the profit and loss account when incurred. Expenditure incurred on major improvements is capitalised and depreciated. The difference between the proceeds on disposal and net carrying value is recognised in the profit and loss account in 'Other, part of Other result'.

Methods of depreciation and amortisation

Items of property and equipment are depreciated. The carrying values of the assets are depreciated on a straight-line basis over the estimated useful lives. Methods of depreciation, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Property and equipment

	2023	2022 (Restated)
Property in own use	92	97
Equipment	82	100
Property and equipment owned	**174**	**197**
Right of use assets	174	202
Property and equipment total	**348**	**399**

8 Property and equipment continued

Changes in Property in own use

	2023	2022 (Restated)
Property in own use – opening balance	97	71
Additions	3	1
Transfers from (to) investments in real estate		-10
Revaluations	-2	5
Disposals		-1
Depreciation	-2	-2
Impairments	-6	
Changes in the composition of the group and other changes	2	33
Property in own use – closing balance	**92**	**97**
Gross carrying value	146	142
Accumulated depreciation, revaluations and impairments	-54	-45
Net carrying value	**92**	**97**
Revaluation surplus – opening balance	16	11
Revaluation in year	-2	5
Revaluation surplus – closing balance	**14**	**16**

Changes in Equipment

	Data processing equipment		Fixtures and fittings and other equipment		Total	
	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022 (Restated)
Equipment – opening balance	30	33	70	68	100	101
Additions	20	16	6	21	26	37
Disposals		-4	-1		-1	-4
Depreciation	-14	-15	-20	-19	-34	-34
Changes in the composition of the group and other changes	-3		-6		-9	0
Equipment – closing balance	**33**	**30**	**49**	**70**	**82**	**100**
Gross carrying value	196	179	266	267	462	446
Accumulated depreciation	-163	-149	-217	-197	-380	-346
Net carrying value	**33**	**30**	**49**	**70**	**82**	**100**

8 Property and equipment continued

Changes in Right of use assets

	Property		Equipment		Total	
	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022 (Restated)
Right of use assets – opening balance	183	220	19	22	202	242
Additions	15	5	12	11	27	16
Disposals	-11	-5	-1	-4	-12	-9
Depreciation	-35	-33	-11	-10	-46	-43
Changes in the composition of the group and other changes	7	2			7	2
Foreign currency exchange differences	-4	-6			-4	-6
Right of use assets – closing balance	**155**	**183**	**19**	**19**	**174**	**202**
Gross carrying value	350	343	76	65	426	408
Accumulated depreciation	-195	-160	-57	-46	-252	-206
Net carrying value	**155**	**183**	**19**	**19**	**174**	**202**

9 Intangible assets

Acquisition accounting, goodwill and other intangible assets

Goodwill

NN Group's acquisitions are accounted for using the acquisition method of accounting. Goodwill, being the positive difference between the cost of the acquisition (including assumed debt) and NN Group's interest in the fair value of the acquired assets, liabilities and contingent liabilities as at the date of acquisition, is capitalised as an intangible asset. In case there is a negative difference between the cost of the acquisition (including assumed debt) and NN Group's interest in the fair value of the acquired assets, liabilities and contingent liabilities as at the date of acquisition, this is referred to as negative goodwill and is recognised in profit and loss in the reporting period the acquisition is finalised. Acquisition related costs are recognised in the profit and loss account when incurred and presented in the profit and loss account as 'Other operating expenses'.

The initial accounting for the fair value of the net assets of the companies acquired during the year may be determined only provisionally as the determination of the fair value can be complex and the time between the acquisition and the preparation of the annual accounts can be limited. The initial accounting shall be completed within a year after acquisition.

Where a business combination is achieved in stages, NN Group's previously held interests in the assets and liabilities of the acquired entity are remeasured to fair value at the acquisition date (i.e. the date NN Group obtains control) and the resulting gain or loss, if any, is recognised in the profit and loss account. Amounts arising from interests in the acquiree before the acquisition date that have previously been recognised in other comprehensive income (equity) are reclassified to the profit and loss account, where such treatment would be appropriate if that interest were disposed of.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives. Methods of amortisation, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Amortisation is included in 'Other operating expenses'.

Computer software

Computer software that has been purchased or generated internally for own use is stated at cost less amortisation and any impairment losses. The expected useful life of computer software will generally not exceed three years.

9 Intangible assets continued

Other intangible assets

Other intangible assets include brand names, client relationships and distribution channels. These assets are stated at cost less amortisation and any impairment losses. The estimated useful life is generally between 2 and 18 years.

Impairment of intangible assets

Impairment reviews with respect to goodwill and intangible assets are performed at least annually and more frequently if events indicate that impairments may have occurred. The identification of impairment is an inherently uncertain process involving various assumptions and factors. Estimates and assumptions (including unobservable Level 3 inputs) are based on management's judgement and other information available.

Goodwill is tested for impairment at the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets, i.e. the lowest level at which it is monitored for internal management purposes. This level is defined as the cash-generating unit (reporting unit) as set out below. Goodwill is tested for impairment by comparing the carrying value of the cash-generating unit (reporting unit) to the best estimate of the recoverable amount of that cash-generating unit (reporting unit). The carrying value is determined as the IFRS-EU book value including goodwill and certain acquisition intangibles. The recoverable amount is estimated as the higher of fair value less cost to sell and value in use. Several methodologies are applied to arrive at the best estimate of the recoverable amount. The identification of impairment is an inherently uncertain process involving various assumptions and factors. Estimates and assumptions (including unobservable Level 3 inputs) are based on management's judgement and other information available. For the goodwill recognised there is a significant excess of recoverable amount over book value for the cash-generating units (reporting units) to which goodwill is allocated.

In 2023 and 2022, there was no impairment of goodwill.

Other intangible assets are tested for impairment by comparing the carrying value with the best estimate of the recoverable amount of the individual intangible asset.

Intangible assets (2023)

2023	Goodwill	Software	Other	Total
Intangible assets – opening balance	871	91	318	1,280
Additions	12	29	18	59
Amortisation		-35	-35	-70
Disposals		-3		-3
Impairments		-3	-2	-5
Foreign currency exchange differences	9			9
Intangible assets – closing balance	**892**	**79**	**299**	**1,270**
Gross carrying value	1,865	1,000	844	3,709
Accumulated amortisation		-851	-495	-1,346
Accumulated impairments	-973	-70	-50	-1,093
Net carrying value	**892**	**79**	**299**	**1,270**

9 Intangible assets continued

Intangible assets (2022) (Restated)

2022 (Restated)	Goodwill	Software	Other	Total
Intangible assets – opening balance	549	75	308	932
Additions	324	42	21	387
Capitalised expenses		6		6
Amortisation		-36	-35	-71
Changes in the composition of the group and other changes		6	24	30
Foreign currency exchange differences	-2	-2		-4
Intangible assets – closing balance	**871**	**91**	**318**	**1,280**
Gross carrying value	1,844	973	826	3,643
Accumulated amortisation		-816	-460	-1,276
Accumulated impairments	-973	-66	-48	-1,087
Net carrying value	**871**	**91**	**318**	**1,280**

Additions to Goodwill and Changes in the composition of the group and other changes in 2022 mainly relate to the acquisition of MetLife Poland and Greece. Reference is made to Note 44 ‘Companies and businesses acquired and divested’.

Other intangible assets include the intangibles recognised upon the acquisition of Met Life Greece, Heinenoord, VIVAT Non-life and the remaining part of the intangibles recognised in 2017 on the acquisition of Delta Lloyd.

The acquisition intangibles comprise:

- Brand names – with an average expected remaining useful life at the acquisition date of approximately 10 years
- Client relationships – with an average expected remaining useful life at the acquisition date of approximately 10 years
- Distribution channels/agreements – with an average expected remaining useful life at the acquisition date of approximately 18 years

Goodwill by cash-generating unit (reporting unit)

	2023	2022 (Restated)
Netherlands Non-life	460	462
Insurance Europe	370	347
Bank	62	62
Goodwill	**892**	**871**

Reference is made to Note 44 ‘Companies and businesses acquired and divested’.

10 Assets and liabilities held for sale

Assets and liabilities of a business are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This is only the case when the sale is highly probable, the business is available for immediate sale in its present condition and management is committed to the sale, which is expected to occur within one year from the date of classification as held for sale. Classification into or out of held for sale does not result in restating comparative amounts in the balance sheet.

As at 1 January 2022, assets and liabilities held for sale relate to NN Group's asset management activities executed by NN Investment Partners (NN IP) and a closed book life insurance portfolio in NN Belgium.

11 Other assets

Other assets

	2023	2022 (Restated)
Income tax receivable	251	351
Accrued interest and rents	1,414	1,234
Other accrued assets	228	211
Cash collateral amounts paid	3,000	5,001
Other	672	616
Other assets	**5,565**	**7,413**

12 Equity

Total equity

	2023	2022 (Restated)
Share capital	34	35
Share premium	12,579	12,578
Accumulated revaluations on investments	-4,116	-7,132
Accumulated revaluations on (re) insurance contracts	13,313	15,962
Foreign currency translation reserve	-421	-338
Net defined benefit asset/liability remeasurement reserve	-63	-51
Other reserves	-1,702	-1,789
Shareholders' equity (parent)	**19,624**	**19,265**
Minority interests	79	72
Undated subordinated notes	1,416	1,764
Total equity	**21,119**	**21,101**

12 Equity continued

Changes in Shareholders' equity (parent) (2023)

2023	Share capital	Share premium	Reserves	Total shareholders' equity (parent)
Shareholders' equity (parent) – opening balance	35	12,578	6,652	19,265
Total amount recognised directly in equity (other comprehensive income)			312	312
Net result for the period			1,172	1,172
Changes in share capital	-1	1		0
Dividend			-422	-422
Purchase (sale) of treasury shares			-632	-632
Employee stock option and share plans			1	1
Coupon on undated subordinated notes			-57	-57
Changes in the composition of the group and other changes			-15	-15
Shareholders' equity (parent) – closing balance	**34**	**12,579**	**7,011**	**19,624**

Purchase (sale) of treasury shares (2023)

During 2023, 18,988,015 ordinary shares for a total amount of EUR 632 million were repurchased under the open market share buyback programme, including repurchases to neutralise the dilutive effect of stock dividends. Treasury shares for a total amount of EUR 1 million were delivered under Employee share plans. The repurchased shares are held by NN Group and the amount was deducted from Other reserves (Purchase (sale) of treasury shares). In 2023, 7,289,612 NN Group ordinary shares were delivered for the final dividend 2022.

In 2023, 10,000,000 NN Group treasury shares were cancelled.

As at 31 December 2023, 11,138,500 treasury shares were held by NN Group.

Coupon paid on undated subordinated notes (2023)

The undated subordinated notes have optional annual coupon payments in June and July. The annual coupons resulted in a deduction of EUR 57 million (net of tax) from equity.

Undated subordinated notes (2023)

In April 2023 NN Group announced a tender for purchase by NN Group for cash of outstanding subordinated notes. The tender was completed in May 2023 and NN Group accepted the purchase of EUR 1 billion in nominal amount. This includes EUR 665 million of subordinated notes previously classified as liabilities in the balance sheet and EUR 335 million previously classified in equity. Reference is made to Note 17 'Subordinated debt'.

Changes in Shareholders' equity (parent) (2022) (Restated)

2022 (Restated)	Share capital	Share premium	Reserves	Total shareholders' equity (parent)
Shareholders' equity (parent) – opening balance	38	12,575	9,011	21,624
Total amount recognised directly in equity (other comprehensive income)			-2,385	-2,385
Net result for the period			1,634	1,634
Changes in share capital	-3	3		0
Dividend			-413	-413
Purchase (sale) of treasury shares			-1,391	-1,391
Employee stock option and share plans			-6	-6
Coupon on undated subordinated notes			-58	-58
Changes in the composition of the group and other changes			260	260
Shareholders' equity (parent) – closing balance	**35**	**12,578**	**6,652**	**19,265**

12 Equity continued

Purchase (sale) of treasury shares (2022)

In 2022, 32,439,329 ordinary shares for a total amount of EUR 1,391 million were repurchased under an open market share buyback programme, including repurchases to neutralise the dilutive effect of stock dividends. Treasury shares for an amount of EUR 6 million were delivered under Employee share plans. The repurchased shares are held by NN Group and the amount was deducted from Other reserves (Purchase (sale) of treasury shares).

In 2022, 22,878,210 NN Group treasury shares were cancelled.

As at 31 December 2022, 13,608,384 treasury shares were held by NN Group.

Coupon paid on undated subordinated notes (2022)

The undated subordinated notes have optional annual coupon payments in June and July. The annual coupons resulted in a deduction of EUR 58 million (net of tax) from equity.

Shareholders' equity (parent)

Share capital

	Ordinary shares (in number)		Ordinary shares (amounts in millions of euros)	
	2023	2022 (Restated)	2023	2022 (Restated)
Authorised share capital	700,000,000	700,000,000	84	84
Unissued share capital	415,000,000	405,000,000	50	49
Issued share capital	**285,000,000**	**295,000,000**	**34**	**35**

Ordinary shares

The authorised ordinary share capital consists of 700,000,000 ordinary shares with a par value of EUR 0.12 per share.
At 31 December 2023 issued and fully paid ordinary share capital consists of 285,000,000 ordinary shares with a par value of EUR 0.12 per share.

Distributable reserves

Reference is made to Note 6 'Equity' in the Parent company annual accounts for the determination of the freely distributable reserves.

Preference shares

As at 31 December 2023, none of the preference shares had been issued. The authorised number of preference shares is 700,000,000 shares.

Changes in Share premium

	2023	2022 (Restated)
Share premium – opening balance	12,578	12,575
Issue of ordinary shares	1	3
Share premium – closing balance	**12,579**	**12,578**

12 Equity continued

Changes in Accumulated revaluations investments (2023)

2023	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Total
Revaluation reserve – opening balance	11	-10,037	2,894	-7,132
Revaluations	-1	2,868		2,867
Realised gains / losses transferred to the profit and loss account		249		249
Realised gains / losses on equity securities		-38		-38
Changes in cash flow hedge reserve			-53	-53
Other revaluations		-9		-9
Revaluation reserve – closing balance	**10**	**-6,967**	**2,841**	**-4,116**

In 2023, NN Group sold equity securities with a fair value of EUR 875 million, resulting in a realised gain (after tax) of EUR 38 million, which was transferred from the accumulated revaluations investments to other reserves.

Changes in Accumulated revaluations investments (2022) (Restated)

2022 (Restated)	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Total
Revaluation reserve – opening balance	9	12,254	8,837	21,100
Revaluations	2	-22,100		-22,098
Realised gains / losses transferred to the profit and loss account		-21		-21
Realised gains / losses on equity securities		-254		-254
Changes in cash flow hedge reserve			-5,943	-5,943
Changes in the composition of the group and other changes		75		75
Other revaluations		9		9
Revaluation reserve – closing balance	**11**	**-10,037**	**2,894**	**-7,132**

In 2022, NN Group sold equity securities with a fair value of EUR 1,037 million, resulting in a realised gain (after tax) of EUR 254 million, which was transferred from the accumulated revaluations investments to other reserves.

Changes in Accumulated revaluations (re) insurance contracts

	2023	2022 (Restated)
Revaluation reserve – opening balance	15,962	-9,919
Finance result on insurance contracts recognised in other comprehensive income	-2,634	26,092
Finance result on reinsurance contracts recognised in other comprehensive income	-15	-143
Changes in the composition of the group and other changes		-68
Revaluation reserve – closing balance	**13,313**	**15,962**

12 Equity continued

Changes in Foreign currency translation reserve

	2023	2022 (Restated)
Foreign currency translation reserve – opening balance	-338	-233
Unrealised revaluations after taxation	-24	46
Foreign currency exchange differences for the period	-59	-151
Foreign currency translation reserve – closing balance	**-421**	**-338**

Unrealised revaluations relate to changes in the value of hedging instruments that are designated as net investment hedges.

Changes in Other reserves (2023)

2023	Retained earnings	Share of associates reserve	Total
Other reserves – opening balance	-3,601	1,812	-1,789
Net result for the period	1,173		1,173
Transfers from (to) share of associates reserve	496	-496	0
Realised gains / losses on equity securities	38		38
Dividend	-422		-422
Purchase (sale) of treasury shares	-632		-632
Employee stock option and share plans	1		1
Coupon on subordinated notes	-57		-57
Changes in the composition of the group and other changes	-14		-14
Other reserves – closing balance	**-3,018**	**1,316**	**-1,702**

Changes in Other reserves (2022) (Restated)

2022 (Restated)	Retained earnings	Share of associates reserve	Total
Other reserves – opening balance	-3,927	2,112	-1,815
Net result for the period	1,634		1,634
Transfers from (to) share of associates reserve	300	-300	0
Realised gains / losses on equity securities	254		254
Dividend	-413		-413
Purchase (sale) of treasury shares	-1,391		-1,391
Employee stock option and share plans	-6		-6
Coupon on subordinated notes	-58		-58
Changes in the composition of the group and other changes	6		6
Other reserves – closing balance	**-3,601**	**1,812**	**-1,789**

12 Equity continued

Dividends

	2023	2022 (Restated)
Dividend distributed from Other reserves		
Dividend paid in cash (interim current year)	164	162
Dividend paid in cash (final previous year)	258	252
Stock dividend (interim current year)	146	131
Stock dividend (final previous year)	236	218
Total dividend	**804**	**763**

Interim dividend 2023

In September 2023, NN Group paid an interim dividend of EUR 1.12 per ordinary share, or approximately EUR 309 million in total based on the current number of outstanding shares (net of treasury shares). The interim dividend was paid either in cash, after deduction of withholding tax if applicable, or in ordinary shares, at the election of the shareholders. Dividends paid in the form of ordinary shares were delivered from NN Group treasury shares. To neutralise the dilutive effect of the stock dividend, NN Group repurchases ordinary shares for an amount equivalent to the value of the stock dividend. The cash dividend was distributed out of Other reserves.

Proposed final dividend 2023

At the Annual General Meeting on 24 May 2024, a final dividend will be proposed of EUR 2.08 per ordinary share, or approximately EUR 570 million in total based on the current number of outstanding shares (net of treasury shares). The final dividend will be paid either fully in cash, after deduction of withholding tax if applicable, or fully in ordinary shares, at the election of the shareholders. Dividends paid in the form of ordinary shares will be delivered from NN Group treasury shares or issued at the expense of the share premium reserve. To neutralise the dilutive effect of the stock dividend, NN Group will repurchase ordinary shares for an amount equivalent to the stock dividend. The final dividend is subject to adoption by the General Meeting at the annual general meeting to be held on 24 May 2024.

Interim dividend 2022

In September 2022, NN Group paid an interim dividend of EUR 1.00 per ordinary share, or approximately EUR 294 million in total. The interim dividend was paid either in cash, after deduction of withholding tax if applicable, or in ordinary shares, at the election of the shareholders. Dividends paid in the form of ordinary shares were delivered from NN Group treasury shares. To neutralise the dilutive effect of the stock dividend, NN Group repurchases ordinary shares for an amount equivalent to the value of the stock dividend. The cash dividend was distributed out of Other reserves.

Final dividend 2022

On 2 June 2023, the General Meeting adopted the proposed final dividend of EUR 1.79 per ordinary share, or approximately EUR 504 million in total. Together with the 2022 interim dividend of EUR 1.00 per ordinary share paid in September 2022, NN Group's total dividend for 2022 was EUR 2.79 per ordinary share. The final dividend was paid in cash, after deduction of withholding tax if applicable, or in ordinary shares, at the election of the shareholders. Dividends paid in the form of ordinary shares were delivered from NN Group treasury shares or issued at the expense of the share premium reserve. To neutralise the dilutive effect of the stock dividend, NN Group repurchased ordinary shares for an amount equivalent to the stock dividend. The cash dividend was distributed out of Other reserves.

12 Equity continued

Minority interest

NN Group owns 51% of the shares of Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V. (ABN AMRO Verzekeringen). ABN AMRO Verzekeringen's principal place of business is Zwolle, the Netherlands. ABN AMRO Verzekeringen is fully consolidated by NN Group, with a minority interest recognised of 49%.

At 31 December 2023, the minority interest relating to ABN AMRO Verzekeringen recognised in equity was EUR 71 million (2022: EUR 65 million).

Undated subordinated notes

In April 2023 NN Group announced a tender for purchase by NN Group for cash of outstanding subordinated notes. The tender was completed in May 2023 and NN Group accepted the purchase of EUR 1 billion in nominal amount. This includes EUR 665 million of subordinated notes previously classified as liabilities in the balance sheet and EUR 335 million previously classified in equity. Reference is made to Note 17 'Subordinated debt'.

In July 2014, NN Group N.V. issued fixed to floating rate undated subordinated notes with a par value of EUR 1,000 million. The notes are undated, but are callable after 11.5 years and every quarter thereafter (subject to regulatory approval). The coupon is fixed at 4.5% per annum for the first 11.5 years and will be floating thereafter. As these notes are undated and include optional deferral of interest at the discretion of NN Group, these are classified under IFRS-EU as equity. Coupon payments are distributed out of equity if and when paid or contractually due. The discount to the par value and certain issue costs were deducted from equity at issue, resulting in a balance sheet value equal to the net proceeds of EUR 986 million.

In June 2014, fixed to floating rate undated subordinated notes with a par value of EUR 750 million were originally issued by Delta Lloyd which are classified as equity under IFRS-EU. The notes are undated, but are callable as from 13 June 2024 and every quarter thereafter (subject to regulatory approval). The coupon is fixed at 4.375% per annum until 13 June 2024 and will be floating thereafter. Coupon payments are distributed out of equity if and when paid or contractually due. These notes were recognised upon acquisition of Delta Lloyd for an amount of EUR 778 million.

13 Insurance contracts

IFRS 17 allows certain accounting policy choices and requires judgment in setting certain assumptions. The most important accounting policies and assumptions that are relevant to NN Group are set out below.

Key accounting policies

Accounting models

NN Group applies each of the three accounting models in IFRS 17. The General Model is the default model and is applied to traditional life insurance portfolios. The Variable Fee Approach is applied to most unit-linked portfolio's. The Variable Fee Approach is, amongst others, not applied to unit-linked portfolio's for which the guarantees were in the money at the date of the Variable Fee Approach assessment. The Premium Allocation Approach is applied to non-life insurance contracts in Netherlands Non-life with a coverage period of 12 months or less. NN Group's insurance contracts include investment contracts with discretionary participation features.

Finance result on (re) insurance contracts and 'OCI option'

NN Group determines per portfolio of insurance contracts whether the effect of changes in financial assumptions, including changes in discount rates, are reflected either fully in the profit and loss account or partially in other comprehensive income ('OCI') in equity and partially in the profit and loss account based on a systematic allocation of the expected total net finance result over the duration of the group of contracts (the 'OCI option'). Under the OCI option, amounts recognised in other comprehensive income are recycled through profit or loss so that the amount in other comprehensive income will be nil at the end of the duration of the portfolio of insurance contracts. This recycling is done by accreting interest on the insurance liability through profit or loss using a locked-in discount rate at initial recognition of the contract, which is unlocked for changes in financial assumption after initial recognition, if any. This interest accretion is presented in 'Finance result on (re) insurance contracts'.

For contracts accounted for under the General Model and Premium Allocation Approach, in principle the OCI option is used, unless accounting for the impact of changes in financial assumptions directly in the profit and loss account resolves accounting mismatches or is otherwise preferred. For contracts accounted for under the Variable Fee Approach, the OCI option is, in principle, not applied.

13 Insurance contract continued

Level of aggregation

Insurance contracts are aggregated per ‘CSM group’ under IFRS 17. A CSM group consists of contracts within the same portfolio, the same profitability bucket and issued in the same annual period. Contracts are in the same portfolio if these are managed together and have similar risks. NN Group uses at least three profitability buckets: onerous contracts, contracts that have no possibility of becoming onerous and remaining contracts. Groups of contracts issued in the same annual period are referred to as an annual cohort. For certain groups of insurance contracts additional disaggregation is applied.

Under the EU-endorsed version of IFRS 17 (IFRS-EU), certain specific insurance contracts do not need to be disaggregated by the year in which these contracts were issued (no annual cohorts). NN Group does not apply this IFRS-EU exemption.

If a contract would fall into a different group only because law or regulation specifically constrains NN Group’s practical ability to set a different price or level of benefits for policyholders with different characteristics, NN Group includes those contracts in the same group.

Uncertainty on the settlement of the claim amount

For insurance products where there is uncertainty on the settlement of the claim amount, NN Group accounts for the uncertain claim amounts, as part of the liability for incurred claims (mostly for property and casualty insurance contracts) or as part of the liability for remaining coverage (mostly for Dutch disability and other insurance contracts).

Investment components excluded from insurance income and expenses

Insurance income and expenses in the profit and loss account exclude any (non-distinct) investment components. An investment component is the amount that an insurance contract requires NN Group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. For products containing a surrender option for the client, the non-distinct investment component is normally based on the contractual surrender value after deduction of surrender charges.

Generic assumptions

Under the General Model, NN Group specifies at inception of the insurance contract the basis on which it expects to determine its commitment under the contract; for example, based on a fixed interest rate, or on returns that vary based on specified asset returns. That specification is then used to distinguish between the effect of changes in assumptions that relate to financial variables (that do not adjust the contractual service margin but are recognised as finance result though profit or loss or in other comprehensive income) and non-financial variables and discretionary changes to that commitment (that do adjust the contractual service margin).

Under the Variable Fee Approach, the effect of changes in financial and non-financial assumptions on the net present value of future cash flows (not stemming from changes in the policyholders’ share of the underlying items) adjust the contractual service margin using current discount rates. Changes in the underlying items are included in ‘Finance result on (re) insurance contracts‘ in the profit and loss account. Changes in estimates that adjust the contractual service margin exclude the changes in value of options and guarantees of contracts accounted for under the Variable Fee Approach that are hedged for which the Risk mitigation option is applied. These are reflected in ‘Finance result’ in the profit and loss account.

NN Group applies a year-to-date approach, i.e. NN Group changes the treatment of previous accounting estimates made when reporting over the year.

Insurance related receivables and payables including policy loans are presented as part of the insurance contracts.

Acquisition costs

NN Group recognises an asset for any directly attributable insurance acquisition costs incurred relating to groups of to be recognised insurance contracts or their renewals (with the exception of contracts measured under the Premium Allocation Approach with a coverage period of one year or less where the acquisition costs are expensed immediately in the profit and loss account). The asset for incurred acquisition costs to be attributed to insurance contracts is derecognised when groups of insurance contracts to which the insurance acquisition costs are allocated, are recognised.

For traditional life insurance contracts, certain types of flexible life insurance contracts and non-life insurance contracts with a coverage period of over one year, the amortisation of acquisition costs takes place over the premium payment period in proportion to the revenue recognised. For other types of flexible life insurance contracts, the acquisition costs are amortised over the duration of the policies in relation to the emergence of estimated profits. Amortisation is adjusted when estimates of current or future profits, to be realised from a group of insurance contracts, are revised.

13 Insurance contracts continued

Transition approach

NN Group used each of the transition approaches in IFRS 17. In the modified retrospective transition approach, NN Group used mainly the modifications for historical cash flows, the historical release of the risk adjustment and determining groups of contracts. The modified retrospective approach is applied to certain portfolios in the Insurance Europe and Netherland Non-life segments. In the fair value transition approach, the contractual service margin is determined by reference to the fair value of insurance liabilities. Fair value is determined similar to fulfilment value, except that no group diversification is reflected in the risk adjustment, the cost of capital rate in the risk adjustment is set at 6% and expenses also include non-directly attributable expenses. The fair value transition approach is applied to, amongst others, portfolios in Netherlands Life.

NN Group uses the OCI option as described above, but set the amount in other comprehensive income at transition date (1 January 2022) to nil under the modified or fair value transition approach for certain portfolios (i.e. for which it was not practicable to determine the amount in other comprehensive income retrospectively). General account assets are considered to be one pool of assets, backing (part of some and all of other) insurance contracts and NN Group equity. Consequentially, the investment revaluation reserve of those assets cannot be allocated specifically to insurance contracts for which the amount in other comprehensive income was set to nil at the transition date.

Coverage units

Coverage units are determined based on the expected insurance contract services. The insurance contract services are determined considering the (weighted) quantity of the benefits provided from insurance and investment (return/related) services. For insurance services, the quantity of benefits can, amongst others, be based on the maximum amount a policyholder might validly claim during a certain period. For investment services, the quantity of benefits can, amongst others, be based on the account value of underlying assets. The total amount of coverage units for a group of insurance contracts is the probability weighted present value of the insurance contract services. Expected policies in force are used to determine the expected duration.

Premium Allocation Approach

In the segment Netherlands Non-life qualifying insurance contracts are measured and reported under the Premium Allocation Approach. When using the Premium Allocation Approach, future cash flows related to the Liability for Remaining Coverage (i.e. the unearned premium reserve) are not adjusted for the time value of money and the effect of financial risk (if at initial recognition, it is expected that the time between providing each part of the coverage and the related premium due date is no more than one year). NN Group adjusts future cash flows related to the liability for incurred claims for the time value of money and the effect of financial risk. NN Group accounts for the acquisition costs directly in the profit and loss account when incurred, if the coverage period is no more than one year.

Key assumptions

Mortality and morbidity assumptions

Estimates of future cash flows reflect mortality and morbidity assumptions that are internally developed and calibrated to NN Group's own experience, reflecting the characteristics of the relevant portfolio. National mortality tables published by relevant actuarial or statistical bodies are used as benchmarks. Future projected mortality improvements (generation mortality tables) are also reflected in the assumption tables and are determined internally. Mortality and morbidity assumptions are country, age, gender and sometimes product group specific.

Mortality and longevity assumptions are most material at Netherlands Life. The approach to developing these assumptions internally at Netherlands Life is as follows. The mortality experience from Netherlands Life's portfolio is used for setting the baseline assumptions at the level of age, gender and homogenous risk groups. Own experience is used because an insured portfolio has structurally a different mortality experience than the general population. The internal model for future trends of mortality improvements uses a blend of national and EU mortality data and the improvement rates are defined per age and gender. Experience (both for own portfolio and national populations) is monitored through regular studies (at least on annual basis) and reflected in the measurement of insurance contracts. For the baseline assumptions calendar years are used for which the mortality experience is complete and as of 2023 a return to pre-Covid-19 mortality rates expectations is projected in an approach similar to AG 2022 methodology (i.e. exponential reduction over time of the excess mortality generated by Covid-19).

13 Insurance contracts continued

Expense assumptions

Expenses that are considered directly attributable are allocated to groups of insurance contracts, and estimates of these expected future expense cashflows are included in the insurance liability as a component of the fulfilment value. Non-attributable expenses are recognised directly in the profit and loss account when incurred. In principle, expenses that are necessary to serve the policyholder (including expenses to meet regulatory requirements as insurance company) are directly attributable whereas other expenses (i.e. corporate expenses) are not. For the projection of attributable expense to the future, expense inflation assumptions are applied. These take into account expected price inflation (derived where possible from observable market inputs), which is adjusted where necessary to take into account portfolio and business specific factors. Inflation regarding expense assumptions is considered a financial assumption if contractually or legally linked to observable market inputs and non-financial if not.

Lapse and surrender rates

Lapse, cancellation and surrender assumptions reflect the expected policyholder behaviour. As such the rates, which are business unit specific, usually depend on issue year, policy year, major product lines and sales channels. These rates are typically calibrated based on own experience. Such granularity is usually enough to capture how the product terms and conditions as well as regulations can influence the timing and volume of lapse and surrenders. Calendar year based adjustments and dynamic policyholder behaviour are considered when needed in specific circumstances.

Other assumptions

Assumptions for reinstatement rates and incidence rates are most material at NN Non-life. These assumptions are calibrated based on own experience reflecting the characteristics of the relevant portfolio. These assumptions are country, age, gender and product group specific. Reinstatement rates are duration dependent. NN Group also uses other assumptions that reflect the characteristics of the relevant portfolio of insurance contracts, including expected retirement ages and wage benefit levels.

Discount rates

Discount rates are determined using a liquid risk-free curve to which an illiquidity premium is added. The liquid risk-free curve is set per currency, while the illiquidity premium is determined per entity using an approach that reflects the characteristics of the current assets of that entity. In the second half of 2022 the assumption for spreads used in the illiquidity premium was updated and spreads are derived from fixed income assets using Z-spreads. The total asset spread is adjusted for expected and unexpected credit losses.

For the Euro currency, the risk-free curve is based on the swap rate and includes a last liquid point (LLP) of 30 years and a long-term forward rate (LTFR). At 31 December 2023 the LTFR was 3.15% (31 December 2022 3.25%).

The table below sets out the yield curves used to discount the cash flows of insurance contracts for NN Group's largest segment, Netherlands Life, as at 31 December 2023 and 31 December 2022.

Range of yield curves

	General Model		Variable Fee Approach	
	2023	2022 (Restated)	2023	2022 (Restated)
1 year	4.1%	3.8%	3.4%	3.2%
5 years	3.1%	3.8%	2.4%	3.1%
10 years	3.2%	3.7%	2.5%	3.1%
20 years	3.2%	3.4%	2.5%	2.8%
30 years	2.9%	2.9%	2.2%	2.3%
40 years	2.9%	2.8%	2.3%	2.3%

For the other insurance segments within the group, the same risk-free curve is used, but the illiquidity premium is derived from the asset portfolios for the specific entities, resulting in a range of yield curves used.

Risk adjustment

The risk adjustment for non-financial risk is determined using the cost of capital methodology based on the Solvency II internal model or standard formula for Solvency II entities and an own (internal) model for economic capital for non-Solvency II insurance entities within the Group. The risk adjustment reflects diversification among non-market risks and with market risks within the entity as well as diversification with other entities within NN Group ('Group diversification'). The cost of capital rate represents

13 Insurance contracts continued

NN Group's view on the compensation required for bearing non-financial risk; the cost of capital rate used in the fulfilment value of insurance liabilities is 4%. Changes in the risk adjustment related to changes in estimates of financial risk are disaggregated to other comprehensive income if the OCI option is applied to the specific portfolio. The risk adjustment used by NN Group corresponds with a range of confidence levels as set out below. In this, the implied confidence levels are determined both for a one-year and an ultimate view, gross of reinsurance, using a normal distribution to translate economic capital to confidence level.

Corresponding confidence levels risk adjustment

	2023		2022 (Restated)	
	One year view	Ultimate view	One year view	Ultimate view
Life	85%-95%	65%-75%	85%-95%	65%-75%
Non-life	65%-75%	60%-70%	70%-80%	60%-70%

Insurance contracts (2023)

2023	General Model	Variable Fee Approach	Total General Model and Variable Fee Approach	Premium Allocation Approach	Total
Life Insurance contracts for risk of company	98,489	1,760	100,249		100,249
Life Insurance contracts for risk of policyholders	6,137	31,819	37,956		37,956
Life insurance contracts	**104,626**	**33,579**	**138,205**	**0**	**138,205**
Non-life contracts for remaining coverage	3,706		3,706	221	3,927
Non-life contracts for incurred claims and benefits	241		241	2,336	2,577
Non-life insurance contracts	**3,947**	**0**	**3,947**	**2,557**	**6,504**
Total insurance contracts	**108,573**	**33,579**	**142,152**	**2,557**	**144,709**
– of which presented as assets	355		355		355
– of which presented as liabilities	108,928	33,579	142,507	2,557	145,064
Total insurance contracts	**108,573**	**33,579**	**142,152**	**2,557**	**144,709**

Insurance contracts (2022) (Restated)

2022 (Restated)	General Model	Variable Fee Approach	Total General Model and Variable Fee Approach	Premium Allocation Approach	Total
Life Insurance contracts for risk of company	98,104	92	98,196	6	98,202
Life Insurance contracts for risk of policyholders	7,249	29,084	36,333		36,333
Life insurance contracts	**105,353**	**29,176**	**134,529**	**6**	**134,535**
Non-life contracts for remaining coverage	3,357		3,357	212	3,569
Non-life contracts for incurred claims and benefits	99		99	2,472	2,571
Non-life insurance contracts	**3,456**	**0**	**3,456**	**2,684**	**6,140**
Total insurance contracts	**108,809**	**29,176**	**137,985**	**2,690**	**140,675**
– of which presented as assets	124		124		124
– of which presented as liabilities	108,933	29,176	138,109	2,690	140,799
Total insurance contracts	**108,809**	**29,176**	**137,985**	**2,690**	**140,675**

13 Insurance contracts continued

Insurance contracts under General Model and Variable Fee Approach (2023)

2023	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model and Variable Fee Approach
– opening balance presented as assets	348	-26	-198	124
– opening balance presented as liabilities	129,854	1,603	6,652	138,109
Net opening balance	**129,506**	**1,629**	**6,850**	**137,985**
– insurance contracts initially recognised in the period	-709	73	673	37
– changes in estimates that adjust the contractual service margin	-293	102	191	0
– changes in estimates that do not adjust the contractual service margin	116	83		199
Changes that relate to future service	**-886**	**258**	**864**	**236**
– release to profit or loss		-168	-778	-946
– experience adjustments not adjusting the contractual service margin	1			1
Changes that relate to current service	**1**	**-168**	**-778**	**-945**
– changes in incurred claims and benefits previous periods	18			18
Changes that relate to past service	**18**	**0**	**0**	**18**
– finance result through profit or loss	5,823	38	67	5,928
– finance result recognised in OCI	3,439	51		3,490
Finance result on insurance contracts	**9,262**	**89**	**67**	**9,418**
– premiums received	10,346			10,346
– acquisition costs paid	-593			-593
– claims, benefits and attributable expenses paid	-12,975			-12,975
– changes in the composition of the group and other changes	95	1		96
Cash flows	**-3,127**	**1**	**0**	**-3,126**
Other movements			48	48
Foreign currency exchange differences	-1,394	-9	-79	-1,482
Net closing balance	**133,380**	**1,800**	**6,972**	**142,152**
– closing balance presented as assets	778	-70	-353	355
– closing balance presented as liabilities	134,158	1,730	6,619	142,507
Net closing balance	**133,380**	**1,800**	**6,972**	**142,152**

Reference is made to Note 31 'Insurance contracts by segment' for the insurance contracts under General Model and Variable Fee Approach by segment.

13 Insurance contracts continued

Insurance contracts under General Model and Variable Fee Approach (2022) (Restated)

2022 (Restated)	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model and Variable Fee Approach
– opening balance presented as assets	328	-24	-179	125
– opening balance presented as liabilities	170,826	2,833	6,049	179,708
Net opening balance	**170,498**	**2,857**	**6,228**	**179,583**
– insurance contracts initially recognised in the period	-870	118	803	51
– changes in estimates that adjust the contractual service margin	-417	-246	663	0
– changes in estimates that do not adjust the contractual service margin	67	-5		62
Changes that relate to future service	**-1,220**	**-133**	**1,466**	**113**
– release to profit or loss		-181	-771	-952
– experience adjustments not adjusting the contractual service margin	-16			-16
Changes that relate to current service	**-16**	**-181**	**-771**	**-968**
– changes in incurred claims and benefits previous periods	-51	-2		-53
Changes that relate to past service	**-51**	**-2**	**0**	**-53**
– finance result through profit or loss	-4,047	6	62	-3,979
– finance result recognised in OCI	-33,352	-907		-34,259
Finance result on insurance contracts	**-37,399**	**-901**	**62**	**-38,238**
– premiums received	10,801			10,801
– acquisition costs paid	-596			-596
– claims, benefits and attributable expenses paid	-12,797			-12,797
– transfers of insurance contracts	-30			-30
– changes in the composition of the group and other changes	1,608			1,608
Cash flows	**-1,014**	**0**	**0**	**-1,014**
Other movements	-2			-2
Foreign currency exchange differences	-1,290	-11	-135	-1,436
Net closing balance	**129,506**	**1,629**	**6,850**	**137,985**
– closing balance presented as assets	348	-26	-198	124
– closing balance presented as liabilities	129,854	1,603	6,652	138,109
Net closing balance	**129,506**	**1,629**	**6,850**	**137,985**

Changes in estimate that adjust the contractual service margin in 2022 mainly reflect changes in financial assumptions for contracts accounted for under the Variable Fee Approach.

13 Insurance contracts continued

Insurance contracts recognised in the period (2023)

2023	Onerous Insurance contracts issued	Other Insurance contracts issued	Insurance contracts acquired	Total Insurance contracts initially recognised
Estimates of the present value of future cash inflows	**-760**	**-5,700**		**-6,460**
– acquisition costs	56	437		493
– claims, benefits and attributable expenses	735	4,523		5,258
Estimates of the present value of future cash outflows	**791**	**4,960**	**0**	**5,751**
Risk adjustment	6	67		73
Contractual service margin		**673**		**673**
Total insurance contracts initially recognised in the period	**37**	**0**	**0**	**37**

Insurance contracts recognised in the period (2022) (Restated)

2022 (Restated)	Onerous Insurance contracts issued	Other Insurance contracts issued	Insurance contracts acquired	Total Insurance contracts initially recognised
Estimates of the present value of future cash inflows	**-1,015**	**-6,479**	**-2,708**	**-10,202**
– acquisition costs	52	460		512
– claims, benefits and attributable expenses	1,004	5,213	2,603	8,820
Estimates of the present value of future cash outflows	**1,056**	**5,673**	**2,603**	**9,332**
Risk adjustment	10	72	36	118
Contractual service margin		**734**	**69**	803
Total insurance contracts initially recognised in the period	**51**	**0**	**0**	**51**

Composition of underlying items for insurance contracts

Fair value of underlying items	2023	2022 (Restated)
– debt securities	856	1,632
– equity securities and investment funds	33,785	29,858
– loans and other	3,315	1,019
Total	**37,956**	**32,509**

13 Insurance contracts continued

Disaggregation of the contractual service margin by transition approach (2023)

2023	Contract issued after transition and retrospective approach	Modified retrospective approach	Fair value approach	Total General Model and Variable Fee Approach
Opening balance	1,707	977	4,166	6,850
– insurance contracts initially recognised in the period	673			673
– changes in estimates that adjust the contractual service margin	-50	12	229	191
Changes that relate to future service	**623**	**12**	**229**	**864**
– release to profit or loss	-335	-154	-289	-778
Changes that relate to current service	**-335**	**-154**	**-289**	**-778**
Finance result through profit or loss	**27**	**9**	**31**	**67**
Other movements	7		41	48
Foreign currency exchange differences	-46	-20	-13	-79
Closing balance	**1,983**	**824**	**4,165**	**6,972**

13 Insurance contracts continued

Disaggregation of contractual service margin by transition approach (2022) (Restated)

2022 (Restated)	Contract issued after transition and retrospective approach	Modified retrospective approach	Fair value approach	Total General Model and Variable Fee Approach
Opening balance	1,099	1,194	3,935	6,228
– insurance contracts initially recognised in the period	803			803
– changes in estimates that adjust the contractual service margin	94		569	663
Changes that relate to future service	**897**	**0**	**569**	**1,466**
– release to profit or loss	-231	-188	-352	-771
Changes that relate to current service	**-231**	**-188**	**-352**	**-771**
Finance result through profit or loss	**14**	**12**	**36**	**62**
Foreign currency exchange differences	-70	-41	-24	-135
Closing balance	**1,709**	**977**	**4,164**	**6,850**

Contractual service margin by remaining term

	2023	2022 (Restated)
Less than 1 month	80	66
1-3 months	116	124
3-12 months	502	528
1-2 years	586	607
2-3 years	528	529
3-4 years	479	475
4-5 years	436	427
5-9 years	1,373	1,327
Over 9 years	2,872	2,767
Total	**6,972**	**6,850**

The contractual service margin by remaining term provides the expected maturity of the balance sheet amount of the contractual service margin at the end of the period. The actual release of the contractual service margin that will be recognised in the profit and loss account in future years will differ as the release in future years will be impacted by the future development of the contractual service margin due to new contracts sold, interest accreted and changes in estimates.

13 Insurance contracts continued

Liabilities for remaining coverage and incurred claims and benefits (2023)

	Liability for remaining coverage		Liability for incurred claims and benefits	Total General Model and Variable Fee Approach
2023	Remaining coverage	Loss component		
– opening balance presented as assets	135	-1	-10	124
– opening balance presented as liabilities	136,143	111	1,855	138,109
Net opening balance	**136,008**	**112**	**1,865**	**137,985**
– release of contractual service margin	-778			-778
– release of risk adjustment	-168			-168
– expected claims and benefits	-5,104			-5,104
– expected attributable expenses	-1,237			-1,237
– recovery of acquisition costs	-363			-363
– experience adjustments for premiums relating to current or past service	-12			-12
– other insurance income	3			3
Insurance income	**-7,659**	**0**	**0**	**-7,659**
– incurred claims and benefits			5,126	5,126
– incurred attributable expenses			**1,250**	**1,250**
– amortisation of acquisition costs	363			363
– changes in incurred claims and benefits previous periods			18	18
– (reversal of) losses on onerous contracts		209		209
– other insurance expenses	2			2
Insurance expenses	**365**	**209**	**6,394**	**6,968**
Investment components excluded from insurance expenses and insurance income	**-6,738**		**6,738**	**0**
– finance result through profit or loss	5,915	1	12	5,928
– finance result recognised in OCI	3,499		-9	3,490
Finance result on insurance contracts	**9,414**	**1**	**3**	**9,418**
– premiums received	10,346			10,346
– acquisition costs paid	-593			-593
– claims, benefits and attributable expenses paid			-12,975	-12,975
– changes in the composition of the group and other changes	25		71	96
Cash flows	**9,778**	**0**	**-12,904**	**-3,126**
Other movements	48			48
Foreign currency exchange differences	-1,417	-1	-64	-1,482
Net closing balance	**139,799**	**321**	**2,032**	**142,152**
– closing balance presented as assets	391	-6	-30	355
– closing balance presented as liabilities	140,190	315	2,002	142,507
Net closing balance	**139,799**	**321**	**2,032**	**142,152**

Remaining coverage includes risk adjustment and contractual service margin.

13 Insurance contracts continued

Liabilities for remaining coverage and incurred claims and benefits (2022) (Restated)

2022 (Restated)	Liability for remaining coverage		Liability for incurred claims and benefits	Total General Model and Variable Fee Approach
	Remaining coverage	Loss component		
– opening balance presented as assets	135	-1	-9	125
– opening balance presented as liabilities	178,141	21	1,546	179,708
Net opening balance	**178,006**	**22**	**1,555**	**179,583**
– release of contractual service margin	-771			-771
– release of risk adjustment	-181			-181
– expected claims and benefits	-4,943			-4,943
– expected attributable expenses	-1,179			-1,179
– recovery of acquisition costs	-361			-361
– experience adjustments for premiums relating to current or past service	-21			-21
– other insurance income	1			1
Insurance income	**-7,455**	**0**	**0**	**-7,455**
– incurred claims and benefits			4,933	4,933
– incurred attributable expenses			1,215	1,215
– amortisation of acquisition costs	362			362
– changes in incurred claims and benefits previous periods			-53	-53
– (reversal of) losses on onerous contracts		90		90
– other insurance expenses	2		-2	0
Insurance expenses	**364**	**90**	**6,093**	**6,547**
Investment components excluded from insurance expenses and insurance income	**-6,962**		**6,962**	**0**
– finance result through profit or loss	-3,979			-3,979
– finance result recognised in OCI	-34,342		83	-34,259
Finance result on insurance contracts	**-38,321**	**0**	**83**	**-38,238**
– premiums received	10,801			10,801
– acquisition costs paid	-596			-596
– claims, benefits and attributable expenses paid			-12,797	-12,797
– transfers of insurance contracts	-30			-30
– changes in the composition of the group and other changes	1,603		5	1,608
Cash flows	**11,778**	**0**	**-12,792**	**-1,014**
Other movements	-2			-2
Foreign currency exchange differences	-1,400		-36	-1,436
Net closing balance	**136,008**	**112**	**1,865**	**137,985**
– closing balance presented as assets	135	-1	-10	124
– closing balance presented as liabilities	136,143	111	1,855	138,109
Net closing balance	**136,008**	**112**	**1,865**	**137,985**

Remaining coverage includes risk adjustment and contractual service margin.

13 Insurance contracts continued

Liabilities for remaining coverage and incurred claims and benefits Premium Allocation Approach (2023)

2023	Liability for remaining coverage: Remaining coverage	Liability for remaining coverage: Loss component	Liability for incurred claims and benefits: Estimates of the present value of future cash flows	Liability for incurred claims and benefits: Risk adjustment	Total Premium Allocation Approach
– opening balance presented as assets					0
– opening balance presented as liabilities	193	9	2,421	67	2,690
Net opening balance	**193**	**9**	**2,421**	**67**	**2,690**
Insurance income	**-2,791**				**-2,791**
– incurred claims and benefits			1,398	4	1,402
– incurred attributable expenses			897		897
– amortisation of acquisition costs	6				6
– changes in incurred claims and benefits previous periods			-2	-27	-29
– (reversal of) losses on onerous contracts		-8			-8
– other insurance expenses			1		1
Insurance expenses	**6**	**-8**	**2,294**	**-23**	**2,269**
– finance result through profit or loss		1	23		24
– finance result recognised in OCI			76	1	77
Finance result on insurance contracts	**0**	**1**	**99**	**1**	**101**
– premiums received	2,840				2,840
– acquisition costs paid	-6				-6
– claims, benefits and attributable expenses paid			-2,451		-2,451
– changes in the composition of the group and other changes	-25		-70	-1	-96
Cash flows	**2,809**	**0**	**-2,521**	**-1**	**287**
Other movements			2		2
Foreign currency exchange differences				-1	-1
Net closing balance	**217**	**2**	**2,295**	**43**	**2,557**
– closing balance presented as assets					0
– closing balance presented as liabilities	217	2	2,295	43	2,557
Net closing balance	**217**	**2**	**2,295**	**43**	**2,557**

13 Insurance contracts continued

Liabilities for remaining coverage and incurred claims and benefits Premium Allocation Approach (2022) (Restated)

	Liability for remaining coverage		Liability for incurred claims and benefits		Total Premium Allocation Approach
2022 (Restated)	Remaining coverage	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
– opening balance presented as assets					0
– opening balance presented as liabilities	141	3	2,666	62	2,872
Net opening balance	**141**	**3**	**2,666**	**62**	**2,872**
Insurance income	**-2,787**				**-2,787**
– incurred claims and benefits			1,559	4	1,563
– incurred attributable expenses			900		900
– amortisation of acquisition costs	6				6
– changes in incurred claims and benefits previous periods			39	2	41
– (reversal of) losses on onerous contracts		6			6
Insurance expenses	**6**	**6**	**2,498**	**6**	**2,516**
– finance result through profit or loss			-7	-1	-8
– finance result recognised in OCI			-204	-2	-206
Finance result on insurance contracts	**0**	**0**	**-211**	**-3**	**-214**
– premiums received	2,838				2,838
– acquisition costs paid	-6				-6
– claims, benefits and attributable expenses paid			-2,532		-2,532
Cash flows	**2,832**	**0**	**-2,532**	**0**	**300**
Foreign currency exchange differences	1			2	3
Net closing balance	**193**	**9**	**2,421**	**67**	**2,690**
– closing balance presented as assets					0
– closing balance presented as liabilities	193	9	2,421	67	2,690
Net closing balance	**193**	**9**	**2,421**	**67**	**2,690**

13 Insurance contracts continued

Gross claims development table

	Accident year						
	2018[1]	2019	2020	2021	2022	2023	Total
Estimate of cumulative claims							
At the end of accident year	1,358	1,217	1,535	1,378	1,556	1,410	
1 year later	1,341	1,324	1,436	1,364	1,515		
2 years later	1,403	1,332	1,440	1,310			
3 years later	1,437	1,338	1,380				
4 years later	1,401	1,323					
5 years later	1,372						
Estimate of cumulative claims	**1,372**	**1,323**	**1,380**	**1,310**	**1,515**	**1,410**	**8,310**
Cumulative payments	-1,253	-1,154	-1,184	-1,064	-1,121	-666	-6,442
	119	**169**	**196**	**246**	**394**	**744**	**1,868**
Effect of discounting	-12	-17	-20	-25	-35	-48	-157
Liabilities recognised	**107**	**152**	**176**	**221**	**359**	**696**	**1,711**
Liabilities relating to accident years prior to 2018 and liability for incurred expenses							584
Risk adjustment							43
Total liability for incurred claims and benefits Premium Allocation Approach[2]							**2,338**

1 NN Group does not disclose claims development for years prior to 2018.
2 The claims development table includes the liability for incurred claims related to non-life contracts accounted for under the Premium Allocation Approach. Uncertainty about the amount and timing of the incurred claims for life contracts and non-life contracts accounted for under the General Model is typically resolved within one year, thus there have not been included in this table.

14 Investment contracts

Insurance policies without discretionary participation features which do not bear significant insurance risk are presented as Investment contracts. Investment contracts are determined at amortised cost, using the effective interest method, or at fair value.

Investment contracts

	2023	2022 (Restated)
Investment contracts – opening balance	3,421	2,698
Current year liabilities	**458**	**416**
Prior years liabilities:		
– payments to contract holders	-463	-345
– interest accrual	7	7
– valuation changes investments	217	-292
Changes in the composition of the group and other changes		956
Foreign currency exchange differences	-19	-19
Investment contracts – closing balance	**3,621**	**3,421**

Changes in composition of the group and other changes in 2022 mainly relate to the acquisition of Metlife Poland and Greece. Reference is made to Note 44 ‘Companies and businesses acquired and divested’.

15 Reinsurance contracts

Accounting for reinsurance contracts held is mostly similar to the accounting for insurance contracts issued, with the following specific considerations:

- Reinsurance contracts held can be measured applying the General Model or the Premium Allocation Approach. The Variable Fee Approach cannot be applied to reinsurance contracts held. Reinsurance contracts held cannot be onerous.
- Expected reinsurance recoveries include a provision for non-performance risk of the reinsurer. Changes in non-performance risk are accounted for in profit or loss. Non-performance risk includes insolvency risk, risks related to disputes, further negotiations and collateral losses.
- Losses on reinsured insurance contracts may be (partially) offset with a reinsurance loss-recovery component. This applies if the underlying insurance contracts are onerous upon initial recognition or if a change in estimates leads to onerous insurance contracts and the same change in estimates has an offsetting effect on the reinsurance contract held.

Longevity reinsurance

In May 2020, NN Group entered into three reinsurance agreements to reinsure the full longevity risk associated with in total approximately EUR 13.5 billion of insurance contracts in Netherlands Life. This reinsurance reduced NN Group's exposure to longevity risk and, consequently, the required capital under Solvency II. The three reinsurance agreements are similar in nature but are agreed with three different assuming reinsurers, Canada Life, Munich Re and Swiss Re. The risk transfer was effective as of 1 January 2020 and will continue until the relevant portfolio has run off.

In December 2021, NN Group entered into a fourth reinsurance agreement to reinsure the full longevity risk associated with in total approximately EUR 4 billion of insurance contracts in Netherlands Life. The fourth reinsurance agreement is similar in nature to the first three contracts but is agreed with a different reinsurer, RGA. The risk transfer for the fourth contract is effective as of 31 December 2021. The risk transfer will continue until the relevant portfolio has run off.

In December 2023, NN Group completed two transactions to transfer the full longevity risk associated with in total approximately EUR 13 billion of insurance contracts in Netherlands Life. The transactions cover the longevity risk of approximately 300 thousand policies and have been entered into with an insurance subsidiary of Prudential Financial, Inc. and with Swiss Re. The risk transfer became effective as of 31 December 2023, and the reinsurance agreements will continue until the portfolio has run off.

Reinsurance contracts held (2023)

2023	General Model	Premium Allocation Approach	Total
Life reinsurance contracts	320		320
Non-life reinsurance contracts	26	243	269
Total life and non-life reinsurance contracts	**346**	**243**	**589**
– of which presented as assets	490	243	733
– of which presented as liabilities	144		144
Total life and non-life reinsurance contracts	**346**	**243**	**589**

Reinsurance contracts held (2022) (Restated)

2022 (Restated)	General Model	Premium Allocation Approach	Total
Life reinsurance contracts	256	1	257
Non-life reinsurance contracts	65	292	357
Total life and non-life reinsurance contracts	**321**	**293**	**614**
– of which presented as assets	544	293	837
– of which presented as liabilities	223		223
Total life and non-life reinsurance contracts	**321**	**293**	**614**

15 Reinsurance contracts continued

Reinsurance contracts held under General Model (2023)

2023	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model
– opening balance presented as assets	23	138	383	544
– opening balance presented as liabilities	234	-9	-2	223
Net opening balance	**-211**	**147**	**385**	**321**
– reinsurance contracts initially recognised in the period	-179	168	11	0
– changes in estimates that adjust the contractual service margin	-148	-25	173	0
– changes in estimates that do not adjust the contractual service margin	1			1
Changes that relate to future service	**-326**	**143**	**184**	**1**
– release to profit or loss		-16	-40	-56
– experience adjustments not adjusting the contractual service margin	-2			-2
Changes that relate to current service	**-2**	**-16**	**-40**	**-58**
– changes in reinsurance recoveries previous periods	-4			-4
Changes that relate to past service	**-4**	**0**	**0**	**-4**
– finance result through profit or loss	31	1	3	35
– finance result recognised in OCI	-48	15		-33
Finance result from reinsurance contracts	**-17**	**16**	**3**	**2**
– reinsurance recoveries received	-1,142			-1,142
– reinsurance premiums paid	1,243			1,243
– changes in the composition of the group and other changes	2			2
Cash flows	**103**	**0**	**0**	**103**
Other movements		1		1
Foreign currency exchange differences	-20			-20
Net closing balance	**-477**	**291**	**532**	**346**
– closing balance presented as assets	-266	281	475	490
– closing balance presented as liabilities	211	-10	-57	144
Net closing balance	**-477**	**291**	**532**	**346**

15 Reinsurance contracts continued

Reinsurance contracts held under General Model (2022) (Restated)

2022 (Restated)	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model
– opening balance presented as assets	291	-32	240	499
– opening balance presented as liabilities	704	-322	-58	324
Net opening balance	**-413**	**290**	**298**	**175**
– reinsurance contracts initially recognised in the period	-15	1	14	0
– changes in estimates that adjust the contractual service margin	-90	-24	114	0
Changes that relate to future service	**-105**	**-23**	**128**	**0**
– release to profit or loss	-2	-20	-41	-63
– experience adjustments not adjusting the contractual service margin	-1			-1
Changes that relate to current service	**-3**	**-20**	**-41**	**-64**
– finance result through profit or loss	30	2	2	34
– finance result recognised in OCI	118	-101		17
Finance result from reinsurance contracts	**148**	**-99**	**2**	**51**
– reinsurance recoveries received	-1,115			-1,115
– reinsurance premiums paid	1,288			1,288
– changes in the composition of the group and other changes	-2			-2
Cash flows	**171**	**0**	**0**	**171**
Foreign currency exchange differences	-9	-1	-2	-12
Net closing balance	**-211**	**147**	**385**	**321**
– closing balance presented as assets	23	138	383	544
– closing balance presented as liabilities	234	-9	-2	223
Net closing balance	**-211**	**147**	**385**	**321**

16 Debt instruments issued

Debt instruments issued, subordinated debt, and other borrowed funds are recognised initially at their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds, net of transaction costs and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

If NN Group purchases its own debt, it is derecognised from the balance sheet and the difference between the carrying value of the liability and the consideration paid is recognised in the profit and loss account.

Financial liabilities include only instruments of which the terms and conditions represent a contractual obligation to pay interest and/or principal. Instruments that are similar in substance, but of which the terms and conditions do not include a contractual obligation to pay interest and principal are classified as equity.

Debt instruments issued

				Notional amount		Balance sheet value	
Interest rate	Year of Issue	Due date	First call date	2023	2022 (Restated)	2023	2022 (Restated)
0.875%	2017	13 January 2023	13 January 2023		500		500
1.625%	2017	1 June 2027	1 March 2027	600	600	598	597
0.875%	2021	23 November 2031	23 May 2031	600	600	597	597
						1,195	**1,694**

NN Group repaid the outstanding EUR 500 million 0.875% fixed rate unsecured senior notes that matured on 13 January 2023.

17 Subordinated debt

				Notional amount		Balance sheet value	
Interest rate	Year of issue	Due date	First call date	2023	2022 (Restated)	2023	2022 (Restated)
4.625%	2014	8 April 2044	8 April 2024	335	1,000	335	997
4.625%	2017	13 January 2048	13 January 2028	850	850	844	843
5.250%	2022	1 March 2043	30 August 2032	500	500	494	494
6.000%	2023	3 November 2043	3 May 2033	1,000		1,007	
						2,680	**2,334**

The above subordinated debt instruments have been issued to raise hybrid capital. Under IFRS-EU these debt instruments are classified as liabilities. They are considered capital for regulatory purposes. All subordinated debt is euro denominated.

In April 2023 NN Group announced the issue of EUR 1 billion subordinated notes issued under NN Group's Sustainability Bond Framework with a maturity of 20.5 years and which are first callable after 10 years, subject to redemption conditions. The coupon is fixed at 6.00% per annum until the first reset date on 3 November 2033 and will be floating thereafter. The Notes qualify as Tier 2 regulatory capital.

17 Subordinated debt continued

In April 2023 NN Group also announced a tender for purchase by NN Group for cash of outstanding subordinated notes. The tender was completed in May 2023 and NN Group accepted the purchase of EUR 1 billion in nominal amount. This includes EUR 665 million of subordinated notes previously classified as liabilities in the balance sheet and EUR 335 million previously classified in equity. Reference is made to Note 12 'Equity'.

In August 2022, NN Group issued EUR 500 million of subordinated notes. This was the first issuance under NN Group's Sustainability Bond Framework, which was established in February 2022 with the aim to finance green and social projects and activities in accordance with certain prescribed eligibility criteria as further described in NN Group's Sustainability Bond Framework. The EUR 500 million subordinated notes have a maturity of 20.5 years and are first callable after 10 years, subject to redemption conditions. The coupon is fixed at 5.25% per annum until the first reset date on 1 March 2033 and will be floating thereafter. The subordinated notes qualify as Tier 2 regulatory capital.

18 Other borrowed funds

Other borrowed funds

	2023	2022 (Restated)
Credit institutions	2,881	5,078
Other	7,111	6,040
Other borrowed funds	**9,992**	**11,118**

Other borrowed funds includes the funding of the consolidated securitisation programmes as disclosed in Note 45 'Structured entities' and repo transactions used for liquidity management purposes.

During 2023, NN Bank issued EUR 1,500 million bonds under its Covered Bond Programme, backed by Dutch prime residential mortgage loans net of redemptions (2022: EUR 500 million).

19 Customer deposits

Customer deposits

	2023	2022 (Restated)
Savings	7,451	7,627
Bank annuities	9,009	8,608
Customer deposits	**16,460**	**16,235**

Customers have not entrusted any funds to NN Group on terms other than those prevailing in the normal course of business. All customer deposits are interest-bearing.

Changes in Customer deposits

	2023	2022 (Restated)
Customer deposits – opening balance	16,235	15,945
Deposits received	4,246	3,841
Withdrawals	-4,000	-3,526
Amortisation	-21	-25
Customer deposits – closing balance	**16,460**	**16,235**

20 Derivatives

Derivatives are recognised at fair value. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. NN Group designates certain derivatives as hedges of highly probable future cash flows attributable to a recognised asset or liability or a forecast transaction (cash flow hedge), hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge), or hedges of a net investment in a foreign operation. Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

Reference is made to Note 36 'Hedge accounting' for further information on hedge accounting.

Certain derivatives embedded in other contracts are measured as separate derivatives if:

- Their economic characteristics and risks are not closely related to those of the host contract
- The host contract is not carried at fair value through profit or loss
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative (unless the embedded derivative meets the definition of an insurance contract)

These embedded derivatives are measured at fair value with changes in fair value recognised in the profit and loss account. An assessment is carried out when NN Group first becomes party to the contract. A reassessment is carried out only when there is a change in the terms of the contract that significantly modifies the expected cash flows.

Derivatives (assets)

	2023	2022 (Restated)
Derivatives used in:		
– fair value hedges		62
– cash flow hedges	536	256
– hedges of net investments in foreign operations	5	23
Other derivatives	1,945	2,111
Derivatives (assets)	**2,486**	**2,452**

Other derivatives includes derivatives for which no hedge accounting is applied.

Derivatives (liabilities)

	2023	2022 (Restated)
Derivatives used in:		
– fair value hedges	39	
– cash flow hedges	2,006	3,242
– hedges of net investments in foreign operations	2	
Other derivatives	2,020	3,219
Derivatives (liabilities)	**4,067**	**6,461**

21 Other liabilities

Other liabilities include reorganisation provisions, litigation provisions and other provisions (included in the line provisions below). Reorganisation provisions include employee termination benefits when NN Group is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Provisions are discounted when the effect of the time value of money is significant, using a before tax discount rate. The determination of provisions is an inherently uncertain process involving estimates regarding amounts and timing of cash flows.

The net defined benefit asset or liability recognised in the balance sheet in respect of defined benefit pension plans is the fair value of the plan assets less the present value of the defined benefit obligation at the balance sheet date. Plan assets are measured at fair value at the balance sheet date. For determining the pension expense, the expected return on plan assets is determined using a high-quality corporate bond rate identical to the discount rate used in determining the defined benefit obligation.

For defined contribution plans, NN Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. NN Group has no further payment obligations once the contributions have been paid. The contributions are recognised as staff expenses in the profit and loss account when they are due.

Some NN Group companies provide post-employment benefits to certain employees and former employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans.

Share-based payment expenses are recognised as staff expenses over the vesting period. A corresponding increase in equity is recognised for equity-settled share-based payment transactions. The fair value of equity-settled share-based payment transactions is measured at the grant date. For cash-settled share-based payment transactions, a liability is recognised at fair value; this fair value is remeasured at every balance sheet date.

Other liabilities

	2023	2022 (Restated)
Income tax payable	29	67
Net defined benefit liability	49	40
Other post-employment benefits	4	4
Other staff-related liabilities	82	78
Other taxation and social security contributions	113	101
Lease liabilities	233	255
Accrued interest	516	242
Costs payable	305	298
Provisions	524	199
Amounts to be settled	32	461
Cash collateral amounts received	1,595	681
Other	558	588
Other liabilities	**4,040**	**3,014**

Other staff-related liabilities include provisions for vacation leave, variable compensation, jubilee and disability/illness.

Cash collateral amounts received relate to collateralised derivatives. The increase is a result of the increase in fair value of outstanding collateralised derivatives following a decrease in market interest rates.

Other mainly relates to year-end accruals in the normal course of business.

21 Other liabilities continued

Net defined benefit liability

	2023	2022 (Restated)
Fair value of plan assets	70	69
Defined benefit obligation	119	109
Net defined benefit liability recognised in the balance sheet (funded status)	**49**	**40**

Changes in Provisions

	2023	2022 (Restated)
Provisions – opening balance	199	137
Additions	450	61
Releases	-46	-22
Charges	-65	-38
Changes in the composition of the group and other changes	-12	62
Exchange rate differences	-2	-1
Provisions – closing balance	**524**	**199**

Provisions relate to reorganisation provisions, litigation provisions and other provisions.

Other provisions include a provision for the settlement with five interest groups regarding unit-linked insurance products sold in the Netherlands. The settlement provided a reliable estimate and, therefore, a provision of EUR 360 million was recognised in the fourth quarter of 2023 to cover the settlement costs. This includes EUR 60 million for hardship cases and customers unaffiliated with one of the interest groups who have not previously received compensation. In addition, approximately EUR 20 million is available for these customers through the remainder of a provision recognised as part of the 2008 settlement.

Reference is made to Note 43 ‘Legal proceedings’ for more details.

Reorganisation provisions were recognised for operations in the Netherlands for the cost of workforce reductions. Additions to the reorganisation provision were recognised in 2023 and 2022 due to additional initiatives announced during the year. During 2023 EUR 34 million was charged to the reorganisation provision for the cost of workforce reductions (2022: EUR 31 million).

22 Insurance income

Insurance income (2023)

2023	Contracts issued after transition and retrospective approach	Modified retrospective approach	Fair value approach	Total
Release of contractual service margin	335	154	289	778
Release of risk adjustment	34	19	115	168
Expected claims and benefits	676	93	4,335	5,104
Expected attributable expenses	449	140	648	1,237
Recovery of acquisition costs	254	109		363
Experience adjustments for premiums that relate to current or past service	9		3	12
Insurance income General Model and Variable Fee Approach	**1,757**	**515**	**5,390**	**7,662**
Insurance income Premium Allocation Approach				2,791
Total insurance income				**10,453**

22 Insurance income continued

Insurance income (2022) (Restated)

2022 (Restated)	Contracts issued after transition and retrospective approach	Modified retrospective approach	Fair value approach	Total
Release of contractual service margin	226	188	360	774
Release of risk adjustment	42	14	125	181
Expected claims and benefits	393	107	4,446	4,946
Expected attributable expenses	342	167	688	1,197
Recovery of acquisition costs	225	137		362
Experience adjustments for premiums that relate to current or past service	2	-1	20	21
Other insurance income	-1		1	0
Insurance income General Model and Variable Fee Approach	**1,229**	**612**	**5,640**	**7,481**
Insurance income Premium Allocation Approach				2,786
Total insurance income				**10,267**

Insurance income Premium Allocation Approach relates for 35% to contracts issued under the modified retrospective transition approach and 65% to contracts issued after transition date and under the full retrospective transition approach in 2022. This distinction is no longer relevant for 2023.

23 Insurance expenses

Insurance expenses General Model and Variable Fee Approach

	2023	2022 (Restated)
Incurred claims and benefits	5,126	4,933
Incurred attributable expenses	1,250	1,235
Amortisation of acquisition costs	363	362
Changes in incurred claims and benefits previous periods	18	-53
(Reversal of) losses on onerous contracts	209	90
Other insurance expenses	2	-1
Insurance expenses General Model and Variable Fee Approach	**6,968**	**6,566**

(Reversal of) losses on onerous contracts General Model and Variable Fee Approach

	2023	2022 (Restated)
Losses on onerous contracts initially recognised in the period	37	51
Changes in estimates not adjusting the contractual service margin	198	61
Release of risk adjustment attributed to the loss component	-3	-1
Expected claims and benefits attributed to the loss component	-5	-11
Expected attributable insurance expenses attributed to the loss component	-18	-10
(Reversal of) losses on onerous contracts General Model and Variable Fee Approach	**209**	**90**

23 Insurance expenses continued

Insurance expenses Premium Allocation Approach

	2023	2022 (Restated)
Incurred claims and benefits	1,402	1,565
Incurred attributable expenses	897	900
Amortisation of acquisition costs	6	6
Changes in incurred claims and benefits previous periods	-29	41
(Reversal of) losses on onerous contracts	-8	6
Other insurance expenses	19	30
Insurance expenses Premium Allocation Approach	**2,287**	**2,548**

(Reversal of) losses on onerous contracts Premium Allocation Approach

	2023	2022 (Restated)
Losses on onerous contracts initially recognised in the period	3	5
Changes in estimates regarding onerous contracts	-4	6
Reversal of the loss component	-7	-5
(Reversal of) losses on onerous contracts Premium Allocation Approach	**-8**	**6**

24 Investment result

Interest income and expenses

Interest income and expenses are recognised in the profit and loss account using the effective interest method. When calculating the effective interest rate, NN Group estimates cash flows considering all contractual terms of the financial instrument (for example prepayment options), but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset, or a group of similar financial assets is in default (Stage 3), interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income and expenses from derivatives are classified as interest income and interest expenses in the profit and loss, except for interest income and expenses on derivatives for which no hedge accounting is applied. The latter is classified in 'Result on derivatives and hedging', together with the changes in the (clean) fair value of these derivatives.

Investment result

	2023	2022 (Restated)
Interest income from investments in debt securities	1,744	1,752
Interest income from mortgage loans	1,307	1,124
Interest income from other loans	423	272
Interest income on (hedging) derivatives	538	210
Other interest income	208	103
Interest income	**4,220**	**3,461**
Realised gains (losses) on Investments at cost and at fair value through other comprehensive income	-285	104
Gains (losses) on investments at fair value through profit or loss	4,155	-6,251
Gains (losses) on Investments at cost, at fair value through OCI and at fair value through profit and loss	**3,870**	**-6,147**
Income from investments in real estate	114	109
Change in fair value of investments in real estate	-276	-9
Gains (losses) on investments in real estate	**-162**	**100**
Share of result of investments in associates and joint ventures	**-237**	**164**
Impairments	-121	-129
Reversal of impairments	80	101
Impairments on investments	**-41**	**-28**
Result on derivatives and hedging	692	-1,527
Foreign currency exchange result	-50	697
Dividend income on equity securities	364	332
Other investment income	9	12
Other	**1,015**	**-486**
Investment result	**8,665**	**-2,936**

Gains (losses) on investments at fair value through profit or loss include gains (losses) related to investments held for risk of policyholders for EUR 4,051 million (2022: EUR -5,560 million). These gains (losses) are mostly offset by changes in fair value of underlying items as presented in 'Finance result on (re) insurance contracts'.

Dividend income on equity securities includes EUR 61 million of dividend relating to equity securities at fair value through OCI held at 31 December 2023 (31 December 2022: EUR 81 million) and EUR 18 million of dividend relating to equity securities at fair value through OCI derecognised during 2023 (2022: EUR 20 million).

24 Investment result continued

Impairments on investments by segment

	2023	2022 (Restated)
Netherlands Life	29	21
Netherlands Non-life	4	2
Insurance Europe		-2
Japan Life	8	7
Total	**41**	**28**

Results on derivatives and hedging

	2023	2022 (Restated)
Change in fair value of derivatives relating to		
– fair value hedges	-381	1,701
– cash flow hedges (ineffective portion)	3	-75
– other derivatives	729	-1,463
Net result on derivatives	**351**	**163**
Change in fair value of assets and liabilities (hedged items)	342	-1,690
Result on derivatives and hedging	**693**	**-1,527**

Included in ‘Results on derivatives and hedging’ are the fair value movements on derivatives and other assets accounted for at fair value through profit or loss used to economically hedge exposures, but for which no hedge accounting is applied. These financial assets hedge exposures in insurance contracts. The fair value movements on the financial assets are influenced by changes in the market conditions, such as share prices, interest rates and currency exchange rates. The change in fair value of the financial assets is largely offset by changes in insurance contracts, which are included in ’finance result’ in the profit and loss account (when using the risk mitigation option) or in other comprehensive income (for contracts accounted for under the General Model when using the OCI option). Reference is made to Note 13 ‘Insurance contracts’, Note 12 ‘Equity’ and Note 25 ‘Finance result’.

Valuation results on derivatives are reflected in the Consolidated statement of cash flows in the section ‘Result before tax’, in the line item ‘Adjusted for: other’.

Reference is made to Note 36 ‘Hedge accounting’.

25 Finance result

Finance result on (re) insurance contracts

	2023	2022 (Restated)
Change in fair value of underlying items	4,084	-5,584
Interest accreted	1,832	1,610
Changes in value of options and guarantees for which the risk mitigation solution is used	-3	-6
Finance result on (re) insurance contracts	**5,913**	**-3,980**

Other

	2023	2022 (Restated)
Interest expenses on derivatives	482	274
Other interest expenses	551	315
Other	**1,033**	**589**

In 2023, total interest income and total interest expenses for items not valued at fair value through profit or loss were EUR 3,682 million (2022: EUR 3,251 million) and EUR 551 million (2022: EUR 315 million) respectively.

Interest income and expenses are included in the following profit and loss account lines.

Total interest income and expenses

	2023	2022 (Restated)
Interest income	4,220	3,461
Interest expenses on derivatives	-482	-274
Other interest expenses	-551	-315
Total interest income and expenses	**3,187**	**2,872**

26 Fee and commission result

Fees and commissions are generally recognised as the service is provided.

Fee and commission result

	2023	2022 (Restated)
Asset management fees	251	216
Insurance brokerage and advisory fees	196	183
Other	65	74
Fee and commission income	**512**	**473**
Asset management fees	107	97
Commission expenses and other	17	34
Fee and commission expenses	**124**	**131**
Fee and commission result	**388**	**342**

27 Non-attributable operating expenses

Non-attributable operating expenses

	2023	2022 (Restated)
Staff expenses	1,680	1,558
Other operating expenses	2,832	2,468
Of which attributed to:		
– incurred acquisition costs	-602	-604
– incurred insurance expenses	-2,192	-2,120
Non-attributable operating expenses	**1,718**	**1,302**

Staff expenses

	2023	2022 (Restated)
Salaries	993	916
Variable salaries	52	38
Pension costs	138	113
Social security costs	156	138
Share-based compensation arrangements	5	5
External staff costs	255	287
Education	16	15
Other staff costs	65	46
Staff expenses	**1,680**	**1,558**

Pension costs

	2023	2022 (Restated)
Current service cost	5	7
Past service cost		-8
Net interest cost	-2	-8
Defined benefit plans	**3**	**-9**
Defined contribution plans	135	122
Pension costs	**138**	**113**

Defined contribution plans

Certain group companies sponsor defined contribution pension plans. The assets of all NN Group's defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of pay. These plans do not give rise to balance sheet provisions, other than relating to short-term timing differences included in 'Other assets' or 'Other liabilities'.

Number of employees

Reference is made to Note 32 'Principal subsidiaries and geographical information' for information on the average number of employees.

27 Non-attributable operating expenses continued

Remuneration of Executive Board, Management Board and Supervisory Board

Reference is made to Note 47 'Key management personnel compensation'.

Share plans

NN Group has granted shares to a number of senior executives (members of the Management Board, general managers and other officers nominated by the Management Board). The purpose of the share schemes is to attract, retain and motivate senior executives and staff.

Share awards comprise upfront shares and deferred shares. The entitlement to the deferred shares is granted conditionally. If the participant remains in employment for an uninterrupted period between the grant date and the vesting date, the entitlement becomes unconditional. A retention period applies from the moment of vesting these awards (five years for Management Board and one year for Identified Staff).

Share awards

Changes in Share awards outstanding

	Share awards (in number)		Weighted average grant date fair value (in euros)	
	2023	2022 (Restated)	2023	2022 (Restated)
Share awards outstanding – opening balance	186,885	410,383	38.41	33.64
Granted	128,844	132,048	35.44	42.93
Vested	-131,681	-348,175	35.19	34.53
Forfeited	-6,699	-7,371	38.47	36.46
Share awards outstanding – closing balance	**177,349**	**186,885**	**38.64**	**38.41**

In 2023, 15,099 (2022: 13,764) share awards on NN Group shares were granted to the members of the Executive and Management Board.

In 2023, 113,745 (2022: 118,284) share awards on NN Group shares were granted to senior management and other employees.

As at 31 December 2023, the share awards on NN Group shares consist of 170,828 (2022: 178,482) share awards relating to equity-settled share-based payment arrangements and 6,521 (2022: 8,403) share awards relating to cash-settled share-based payment arrangements.

The fair value of share awards granted is allocated over the vesting period of the share awards as an expense under staff expenses.

As at 31 December 2023, total unrecognised compensation costs related to share awards amount to EUR 2 million (2022: EUR 3 million).

These costs are expected to be recognised over a weighted average period of 1.4 years (2022: 1.4 years).

27 Non-attributable operating expenses continued

Other operating expenses

	2023	2022 (Restated)
Depreciation of property and equipment	82	77
Amortisation of software	35	36
Computer costs	297	293
Office expenses	69	72
Travel and accommodation expenses	15	12
Advertising and public relations	85	85
External advisory fees	210	237
Claims handling expenses	244	227
Additions (releases) of Other provisions	403	27
Commissions, fees and other	1,392	1,402
Other operating expenses	**2,832**	**2,468**

28 Discontinued operations

As of 2021, NN Group's asset management activities executed by NN Investment Partners are classified as discontinued operations. Reference is made to Note 44 'Companies and businesses acquired and divested'. Net result from discontinued operations consists of the net result (after tax) of the businesses classified as discontinued operations and is presented separately in the profit and loss account for the first half year of 2022. No gain or loss has been recognised in the profit and loss account upon the classification as held for sale and discontinued operations; upon closing of the transaction a gain of EUR 1,062 million was recognised.

Net result from discontinued operations

	2023	2022 (Restated)
Total income		110
Total expenses		74
Net result from disposal of discontinued operations		1,062
Result before tax from discontinued operations	**0**	**1,098**
Taxation		9
Net result from discontinued operations	**0**	**1,089**

The activities of NN Investment Partners were reported in the segment Asset Management before these were classified as discontinued operations and held for sale. The segment Asset Management ceased to exist in 2021, following the classification as discontinued operations, as all activities previously included in this segment became discontinued operations. The sale of NN Investment Partners was completed in April 2022. Reference is made to Note 44 'Companies and businesses acquired and divested'.

Net cash flow from discontinued operations

	2023	2022 (Restated)
Operating cash flow		94
Investing cash flow		-2
Net cash flow from discontinued operations	**0**	**92**

29 Earnings per ordinary share

Earnings per ordinary share shows earnings per share amounts for profit or loss attributable to shareholders of the parent. Earnings per ordinary share is calculated on the basis of the weighted average number of ordinary shares outstanding.
In calculating the weighted average number of ordinary shares outstanding, own shares held by group companies are deducted from the total number of ordinary shares in issue.

Changes in the number of ordinary shares outstanding without a corresponding change in resources are taken into account, including if these changes occurred after the reporting date but before the annual accounts are authorised for issue.

Earnings per ordinary share from continuing and discontinued operations

	Amounts (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022 (Restated)
Net result from continuing and discontinued operations	1,172	1,634				
Coupon on undated subordinated notes	-51	-58				
Basic earnings per ordinary share from continuing and discontinued operations	**1,121**	**1,576**	**277.3**	**295.5**	**4.04**	**5.33**
Dilutive instruments						
– Share plans			0.2	0.2		
Dilutive instruments			**0.2**	**0.2**		
Diluted earnings per ordinary share from continuing and discontinued operations	**1,121**	**1,576**	**277.5**	**295.7**	**4.04**	**5.33**

Earnings per ordinary share from continuing operations

	Amounts (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022 (Restated)
Net result from continuing operations	1,172	547				
Coupon on undated subordinated notes	-51	-58				
Basic earnings per ordinary share from continuing operations	**1,121**	**489**	**277.3**	**295.5**	**4.04**	**1.66**
Dilutive instruments						
– Share plans			0.2	0.2		
Dilutive instruments			**0.2**	**0.2**		
Diluted earnings per ordinary share from continuing operations	**1,121**	**489**	**277.5**	**295.7**	**4.04**	**1.65**

29 Earnings per ordinary share continued

Earnings per ordinary share from discontinued operations

	Amounts (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022
Net result from discontinued operations		1,087				
Basic earnings per ordinary share from discontinued operations	**0**	**1,087**	**0**	**295.5**	**0**	**3.68**
Dilutive instruments						
– Share plans				0.2		
Dilutive instruments				**0.2**		
Diluted earnings per ordinary share from discontinued operations	**0**	**1,087**	**0**	**295.7**	**0**	**3.68**

Diluted earnings per share is calculated as if the share plans had been exercised at the beginning of the period and assuming that the cash received from exercised share plans was used to buy own shares against the average market price during the period. The net increase in the number of shares resulting from exercising share plans is added to the average number of shares used for the calculation of diluted earnings per share.

30 Segments

A segment is a distinguishable component of NN Group, engaged in providing products or services, subject to risks and returns that are different from those of other segments. A geographical area is a distinguishable component of NN Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The geographical analysis is based on the location of the business unit from which the transactions are originated.

The reporting segments for NN Group, based on the internal reporting structure, are as follows:

- Netherlands Life (Group life and individual life insurance products in the Netherlands)
- Netherlands Non-life (Non-life insurance in the Netherlands including disability and accident, fire, motor and transport insurance)
- Insurance Europe (Life insurance, pension products and to a small extent non-life insurance and retirement services in Central and Rest of Europe)
- Japan Life (Life insurance primarily Corporate Owned Life Insurance (COLI) business)
- Banking
- Other (Operating segments that have been aggregated due to their respective size; including Japan Closed Block VA (Closed block single premium variable annuity individual life insurance portfolio in Japan, including the internally reinsured minimum guarantee risk, which has been closed to new business and which is being managed in run-off), reinsurance and items related to capital management and the head office)

The Executive Board and the Management Board set the performance targets and approve and monitor the budgets prepared by the reporting segments. The segments formulate strategic, commercial and financial policies in conformity with the strategy and performance targets set by the Executive Board and the Management Board.

The accounting policies of the segments are the same as those described in the relevant notes. Transfer prices for inter-segment transactions are set at arm's length. Corporate expenses are allocated to segments based on time spent by head office personnel, the relative number of staff, or on the basis of income and/or assets of the segment. Intercompany loans that qualify as equity securities under IFRS-EU are presented in the segment reporting as debt; related coupon payments are presented as income and expenses in the respective segments.

Operating result as presented below is an Alternative Performance Measure (non-GAAP financial measure) and is not a measure of financial performance under IFRS-EU. The net result on transactions between segments is eliminated in the net result of the relevant segment. Operating result is calculated as explained in the section 'Alternative Performance Measures'.

30 Segments continued

Result by segment (2023)

2023	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Banking	Other	Total
Profit margin	180		315	156			652
Technical result	60		26	22			107
Service expense result	-14		-9	7			-16
Other (re) insurance result			-1				-1
(Re) insurance result	**225**	**0**	**331**	**185**	**0**	**0**	**742**
Investment result	1,278		163	49			1,491
Other results – insurance businesses	-109		-88	-37			-233
Operating result insurance businesses	**1,395**	**0**	**407**	**197**	**0**	**0**	**1,999**
Operating result non-insurance businesses	-5		61				56
Operating result non-life		364					364
Operating result banking					226		226
Operating result other						-117	-117
Total operating result	**1,390**	**364**	**468**	**197**	**226**	**-117**	**2,528**
Non-operating items of which:							
– gains (losses) and impairments	-311	-14	-5	-12		-4	-345
– revaluations	225	1	-79	-73	-8	28	94
– market and other impacts	-68	-4	-182	17	-21	-14	-272
Special items	-413	-7	-23	-1	-1	-17	-462
Acquisition intangibles and goodwill			-2			-27	-29
Result on divestments			19				19
Result before tax	**823**	**340**	**196**	**129**	**196**	**-152**	**1,532**
Taxation	166	91	38	32	51	-30	348
Minority interests	-1	14				-1	12
Net result	**657**	**235**	**158**	**97**	**146**	**-121**	**1,172**

Special items in 2023 mainly reflect a provision of EUR 360 million related to the final settlement with interest groups on unit-linked insurance products and project expenses.

30 Segments continued

Result by segment (2022) (Restated)

2022 (Restated)	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Banking	Other	Total
Profit margin	147		245	181			573
Technical result	126		28	9			163
Service expense result	-19		13	12			6
Insurance expense result	-1						0
Other (re) insurance result			1				1
(Re) insurance result	**255**	**0**	**286**	**202**	**0**	**0**	**742**
Investment result	1,314		122	49			1,484
Other results – insurance businesses	-143		-80	-33			-256
Operating result insurance businesses	**1,425**	**0**	**328**	**217**	**0**	**0**	**1,970**
Operating result non-insurance businesses	4		69				73
Operating result non-life		400					400
Operating result banking					96		96
Operating result other						-189	-189
Total operating result	**1,429**	**400**	**397**	**217**	**96**	**-189**	**2,350**
Non-operating items of which:							
– gains (losses) and impairments	118	-12	3	-8		-3	99
– revaluations	-1,173	-68	-132	-95		-32	-1,499
– market and other impacts	-13	-8	-33	6	9	-23	-61
Special items	-32	-22	-38	-3	-1	-39	-134
Acquisition intangibles and goodwill			-2			-28	-29
Result on divestments			-78				-78
Result before tax	**329**	**291**	**118**	**118**	**105**	**-313**	**648**
Taxation	29	69	30	33	27	-80	108
Net result from discontinued operations						1,089	1,089
Minority interests		-5				-1	-5
Net result	**301**	**227**	**87**	**85**	**78**	**857**	**1,634**

Special items in 2022 mainly reflect integration and IFRS 9 and IFRS 17 project expenses.

30 Segments continued

Income by segment (2023)

2023	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Banking	Other and eliminations	Total
Insurance income	4,164	3,843	1,830	590		26	10,453
Investment income	5,700	174	1,488	107	1,068	128	8,665

Income by segment (2022) (Restated)

2022 (Restated)	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Banking	Other and eliminations	Total
Insurance income	4,048	3,837	1,693	648		41	10,267
Investment income	-2,942	84	-537	70	623	-234	-2,936

Interest income and interest expenses by segment (2023)

2023	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Banking	Other and eliminations	Total
Interest income	2,384	156	394	164	1,096	26	4,220
Interest expenses	-372	-36	-19	-1	-651	46	-1,033

Interest income and interest expenses by segment (2022) (Restated)

2022 (Restated)	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Banking	Other and eliminations	Total
Interest income	2,214	148	375	178	555	-9	3,461
Interest expenses	-269	-29	-14	-2	-303	28	-589

Total assets and Total liabilities by segment

	Total assets 2023	Total liabilities 2023	Total assets 2022 (Restated)	Total liabilities 2022 (Restated)
Netherlands Life	130,428	116,120	128,002	114,518
Netherlands Non-life	8,672	7,069	9,025	7,325
Insurance Europe	26,962	23,240	24,828	21,484
Japan Life	15,562	14,344	17,781	16,458
Banking	25,016	24,097	23,967	23,181
Other	32,656	11,784	35,867	15,098
Total	**239,296**	**196,654**	**239,470**	**198,064**
Eliminations	-30,355	-8,832	-32,446	-12,141
Total assets and Total liabilities	**208,941**	**187,822**	**207,024**	**185,923**

Alternative Performance Measures (Non-GAAP measures)

NN Group uses the following Alternative Performance Measures (APMs, also referred to as Non-GAAP measures) in its external financial reporting: Operating result and Administrative expenses. The definition of these Alternative Performance Measures changed as a result of the introduction of IFRS 9 and IFRS 17. Further details are set out below. Because these measures are not determined in accordance with IFRS-EU, they may not be comparable to other similarly titled measures of performance of other companies.

30 Segments continued

Operating result

Operating result (before tax) is used by NN Group to evaluate the financial performance of its segments. The objective of the Operating result is to provide a better understanding of the underlying business performance by eliminating non-operating volatility from the result before tax. The Group operating result is the sum of the operating results for each segment in the Group. The result on transactions between segments is eliminated in the result of the relevant segment. Each segment's operating result is calculated by adjusting the reported result before tax for the following items:

- Non-operating items:
  - Gains (losses) and impairments on financial assets: realised gains and impairments on financial assets that are classified as Investments at cost and Investments at fair value through other comprehensive income. This relates mainly to debt securities and loans.
  - Revaluations: revaluations (changes in fair value) on Investments at fair value through profit or loss that are held in the general account. This relates mainly to private equity and real estate and loans, debt securities and equity securities accounted for at fair value through profit or loss and derivatives for which no hedge accounting is applied.
  - Market & other impacts: other items that are not representative of the underlying business performance of the segment. This may include (changes in) losses from onerous contracts due to assumption changes, impairments on intangible assets and specific one-off expenses.
- Special items: items of income or expense before tax that are significant and arise from events or transactions that are clearly distinct from the ordinary business activities and therefore are not expected to recur frequently or regularly. This includes restructuring expenses, rebranding costs, results related to early redemption of debt and gains (losses) from employee pension plan amendments or curtailments.
- Result on divestments: realised gains (losses) on the divestment of entities or businesses.
- Acquisition intangibles and goodwill: amortisation and impairment on acquisition related intangible assets and impairment of goodwill.

The operating result for the life insurance business is analysed through a margin analysis, which includes the insurance and reinsurance result, investment result and other result. The insurance and reinsurance result represents the sum of the profit margin (including release of the CSM), the technical result (including release of the risk adjustment), service expense result, and other insurance and reinsurance result. The investment result reflects that difference between the investment income (on operating basis) and the finance result (on operating basis).

Operating result as presented above is an Alternative Performance Measure (non-GAAP financial measure) and is not a measure of financial performance under IFRS-EU.

Administrative expenses

NN Group monitors the level of expenses through the administrative expenses. Administrative expenses are calculated as the total of IFRS Staff and Other operating expenses excluding non-operating items, claims handling expenses and, expenses related to investment and insurance commissions and fees as presented in insurance (acquisition) expenses, commissions and non-operating items.

Administrative expenses

	2023	2022 (Restated)
Staff expenses	1,680	1,558
Other operating expenses	2,832	2,468
Total IFRS operating expenses (before attribution)	**4,512**	**4,026**
Presented in insurance expenses and commissions	1,263	1,242
Presented in insurance acquisition expenses	510	465
Presented in non-operating items (including special items)	479	142
Other adjustments	54	39
Administrative expenses	**2,206**	**2,138**

30 Segments continued

Other metrics

In addition, NN Group discloses a number of other metrics (that are not defined in IFRS and/or not defined in regulatory capital legislation). As these are not derived from comparable metrics under IFRS, these cannot be reconciled to an IFRS equivalent. These include the following:

- Operating Capital Generation (OCG): NN Group analyses the change in the excess of Solvency II Own Funds over the Solvency Capital Requirement ('SCR') in the following components: Operating Capital Generation, Market variance, Capital flows and Other. Operating Capital Generation is the movement in the Solvency II surplus (Own Funds before eligibility over SCR at 100%) in the period due to operating items, including the impact of new business, expected investment returns in excess of the unwind of liabilities, release of the risk margin, operating variances, non-life underwriting result, contribution of non-Solvency II entities and holding expenses and debt costs and the change in the SCR. It excludes economic variances, economic assumption changes and non-operating expenses.
- Gross premiums written: premiums written in the reporting period. Premiums written plus or minus the change in premiums receivables equals premiums received as recorded in the cash flow sections on insurance contracts.
- New sales (Annual Premium Equivalent, APE) represents annualised premium equivalents sold in the period, with single premiums calculated at 1/10th of the single premium amounts.
- Combined ratio: the sum of the claims ratio (claims incurred, net of reinsurance, excluding unwind of interest accrual, divided by net earned premiums) and the expense ratio (sum of acquisition costs and administrative expenses, divided by net earned premiums).
- Financial leverage ratio: the percentage of financial leverage in the total of financial leverage and equity.
- Fixed cost coverage ratio: the ability of Earnings Before Interest and Tax (EBIT) to cover funding costs on financial leverage; calculated on a last 12-months basis.
- Free cash flow: the change in the cash capital position at the holding company over the period, excluding acquisitions and capital transactions with shareholders and debtholders.
- Cash capital position at the holding company: net current assets available at the holding company.
- Net interest margin (NIM): interest result of the banking operations divided by the average total interest-bearing assets of the banking operations.

Gross premium

Premiums written (2023)

2023	Life	Non-life	Total
Gross premiums written	9,190	3,997	13,187
Reinsurance ceded	-1,259	139	-1,120
Premiums written net of reinsurance	**7,931**	**4,136**	**12,067**

Premiums written (2022) (Restated)

2022 (Restated)	Life	Non-life	Total
Gross premiums written	9,628	3,850	13,478
Reinsurance ceded	-1,255	159	-1,096
Premiums written net of reinsurance	**8,373**	**4,009**	**12,382**

31 Insurance contracts by segment

Insurance contracts by segment 2023

2023	General Model and Variable Fee Approach	Premium Allocation Approach	Total
Netherlands Life	104,312		104,312
Netherlands Non-life	3,798	2,504	6,302
Insurance Europe	19,181		19,181
Japan Life	13,648		13,648
Other	1,213	53	1,266
Insurance contracts	**142,152**	**2,557**	**144,709**

Insurance contracts by segment 2022 (Restated)

2022 (Restated)	General Model and Variable Fee Approach	Premium Allocation Approach	Total
Netherlands Life	100,125		100,125
Netherlands Non-life	3,410	2,615	6,025
Insurance Europe	17,848		17,848
Japan Life	15,276		15,276
Other	1,326	75	1,401
Insurance contracts	**137,985**	**2,690**	**140,675**

31 Insurance contracts by segment continued

Insurance contracts segment Netherlands Life

Insurance contracts under General Model and Variable Fee Approach (2023)

Netherlands Life 2023	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model and Variable Fee Approach
– opening balance presented as assets				0
– opening balance presented as liabilities	95,526	1,024	3,575	100,125
Net opening balance	**95,526**	**1,024**	**3,575**	**100,125**
– insurance contracts initially recognised in the period	-97	15	99	17
– changes in estimates that adjust the contractual service margin	-87	-76	163	0
– changes in estimates that do not adjust the contractual service margin	40	5		45
Changes that relate to future service	**-144**	**-56**	**262**	**62**
– release to profit or loss		-66	-233	-299
– experience adjustments not adjusting the contractual service margin	25			25
Changes that relate to current service	**25**	**-66**	**-233**	**-274**
– changes in incurred claims and benefits previous periods	-12			-12
Changes that relate to past service	**-12**	**0**	**0**	**-12**
– finance result through profit or loss	4,133	29	24	4,186
– finance result recognised in OCI	2,857	35		2,892
Finance result on insurance contracts	**6,990**	**64**	**24**	**7,078**
– premiums received	3,415			3,415
– acquisition costs paid	-39			-39
– claims, benefits and attributable expenses paid	-6,044			-6,044
– transfers of insurance contracts	2		-1	1
Cash flows	**-2,666**	**0**	**-1**	**-2,667**
Net closing balance	**99,719**	**966**	**3,627**	**104,312**
– closing balance presented as assets				0
– closing balance presented as liabilities	99,719	966	3,627	104,312
Net closing balance	**99,719**	**966**	**3,627**	**104,312**

31 Insurance contracts by segment continued

Insurance contracts under General Model and Variable Fee Approach (2022) (Restated)

Netherlands Life 2022 (Restated)	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model and Variable Fee Approach
– opening balance presented as assets				0
– opening balance presented as liabilities	130,784	2,171	3,110	136,065
Net opening balance	**130,784**	**2,171**	**3,110**	**136,065**
– insurance contracts initially recognised in the period	-112	21	115	24
– changes in estimates that adjust the contractual service margin	-256	-282	538	0
– changes in estimates that do not adjust the contractual service margin	22	-3		19
Changes that relate to future service	**-346**	**-264**	**653**	**43**
– release to profit or loss		-98	-213	-311
– experience adjustments not adjusting the contractual service margin	-8			-8
Changes that relate to current service	**-8**	**-98**	**-213**	**-319**
– changes in incurred claims and benefits previous periods	2			2
Changes that relate to past service	**2**	**0**	**0**	**2**
– finance result through profit or loss	-3,467		25	-3,442
– finance result recognised in OCI	-28,545	-785		-29,330
Finance result on insurance contracts	**-32,012**	**-785**	**25**	**-32,772**
– premiums received	3,412			3,412
– acquisition costs paid	-41			-41
– claims, benefits and attributable expenses paid	-6,265			-6,265
Cash flows	**-2,894**	**0**	**0**	**-2,894**
Net closing balance	**95,526**	**1,024**	**3,575**	**100,125**
– closing balance presented as assets				0
– closing balance presented as liabilities	95,526	1,024	3,575	100,125
Net closing balance	**95,526**	**1,024**	**3,575**	**100,125**

31 Insurance contracts by segment continued
Insurance contracts segment Netherlands Non-life
Insurance contracts under General Model (2023)

Netherlands Non-life 2023	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model
– opening balance presented as assets				0
– opening balance presented as liabilities	2,906	149	355	3,410
Net opening balance	**2,906**	**149**	**355**	**3,410**
– insurance contracts initially recognised in the period	-160	14	146	0
– changes in estimates that adjust the contractual service margin	40	-28	-12	0
– changes in estimates that do not adjust the contractual service margin	1			1
Changes that relate to future service	**-119**	**-14**	**134**	**1**
– release to profit or loss		-23	-48	-71
– experience adjustments not adjusting the contractual service margin	-14			-14
Changes that relate to current service	**-14**	**-23**	**-48**	**-85**
– changes in incurred claims and benefits previous periods	5			5
Changes that relate to past service	**5**	**0**	**0**	**5**
– finance result through profit or loss	56	2	6	64
– finance result recognised in OCI	210	16		226
Finance result on insurance contracts	**266**	**18**	**6**	**290**
– premiums received	1,053			1,053
– acquisition costs paid	-3			-3
– claims, benefits and attributable expenses paid	-921			-921
Cash flows	**129**	**0**	**0**	**129**
Other movements			48	48
Net closing balance	**3,173**	**130**	**495**	**3,798**
– closing balance presented as assets				0
– closing balance presented as liabilities	3,173	130	495	3,798
Net closing balance	**3,173**	**130**	**495**	**3,798**

31 Insurance contracts by segment continued

Insurance contracts under General Model (2022) (Restated)

Netherlands Non-life 2022 (Restated)	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model
– opening balance presented as assets				0
– opening balance presented as liabilities	3,546	212	341	4,099
Net opening balance	**3,546**	**212**	**341**	**4,099**
– insurance contracts initially recognised in the period	-75	18	56	-1
– changes in estimates that adjust the contractual service margin	-51		51	0
– changes in estimates that do not adjust the contractual service margin	12			12
Changes that relate to future service	**-114**	**18**	**107**	**11**
– release to profit or loss		-25	-95	-120
– experience adjustments not adjusting the contractual service margin	-31			-31
Changes that relate to current service	**-31**	**-25**	**-95**	**-151**
– finance result through profit or loss	36	2	2	40
– finance result recognised in OCI	-752	-58		-810
Finance result on insurance contracts	**-716**	**-56**	**2**	**-770**
– premiums received	1,146			1,146
– acquisition costs paid	-4			-4
– claims, benefits and attributable expenses paid	-921			-921
Cash flows	**221**	**0**	**0**	**221**
Net closing balance	**2,906**	**149**	**355**	**3,410**
– closing balance presented as assets				0
– closing balance presented as liabilities	2,906	149	355	3,410
Net closing balance	**2,906**	**149**	**355**	**3,410**

31 Insurance contracts by segment continued

Insurance contracts segment Insurance Europe

Insurance contracts under General Model and Variable Fee Approach (2023)

Insurance Europe 2023	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model and Variable Fee Approach
– opening balance presented as assets	348	-26	-198	124
– opening balance presented as liabilities	16,171	266	1,535	17,972
Net opening balance	**15,823**	**292**	**1,733**	**17,848**
– insurance contracts initially recognised in the period	-306	34	292	20
– changes in estimates that adjust the contractual service margin	-177	96	81	0
– changes in estimates that do not adjust the contractual service margin	75	75		150
Changes that relate to future service	**-408**	**205**	**373**	**170**
– release to profit or loss		-54	-334	-388
– experience adjustments not adjusting the contractual service margin	10			10
Changes that relate to current service	**10**	**-54**	**-334**	**-378**
– changes in incurred claims and benefits previous periods	18	-1		17
Changes that relate to past service	**18**	**-1**	**0**	**17**
– finance result through profit or loss	1,339	6	31	1,376
– finance result recognised in OCI	318	-12		306
Finance result on insurance contracts	**1,657**	**-6**	**31**	**1,682**
– premiums received	3,423			3,423
– acquisition costs paid	-439			-439
– claims, benefits and attributable expenses paid	-3,406			-3,406
– changes in the composition of the group and other changes	95	1		96
Cash flows	**-327**	**1**	**0**	**-326**
Foreign currency exchange differences	129	4	35	168
Net closing balance	**16,902**	**441**	**1,838**	**19,181**
– closing balance presented as assets	777	-69	-353	355
– closing balance presented as liabilities	17,679	372	1,485	19,536
Net closing balance	**16,902**	**441**	**1,838**	**19,181**

31 Insurance contracts by segment continued

Insurance contracts under General Model and Variable Fee Approach (2022) (Restated)

Insurance Europe 2022 (Restated)	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model and Variable Fee Approach
– opening balance presented as assets	305	-26	-165	114
– opening balance presented as liabilities	19,054	306	1,485	20,845
Net opening balance	**18,749**	**332**	**1,650**	**20,731**
– insurance contracts initially recognised in the period	-402	68	361	27
– changes in estimates that adjust the contractual service margin	-6	-20	26	0
– changes in estimates that do not adjust the contractual service margin	29	-2		27
Changes that relate to future service	**-379**	**46**	**387**	**54**
– release to profit or loss		-42	-282	-324
– experience adjustments not adjusting the contractual service margin	30			30
Changes that relate to current service	**30**	**-42**	**-282**	**-294**
– changes in incurred claims and benefits previous periods	-53	-2		-55
Changes that relate to past service	**-53**	**-2**	**0**	**-55**
– finance result through profit or loss	-628	3	33	-592
– finance result recognised in OCI	-3,013	-44		-3,057
Finance result on insurance contracts	**-3,641**	**-41**	**33**	**-3,649**
– premiums received	3,199			3,199
– acquisition costs paid	-367			-367
– claims, benefits and attributable expenses paid	-3,246			-3,246
- transfers of insurance contracts	-30			-30
– changes in the composition of the group and other changes	1,608			1,608
Cash flows	**1,164**	**0**	**0**	**1,164**
Foreign currency exchange differences	-47	-1	-55	-103
Net closing balance	**15,823**	**292**	**1,733**	**17,848**
– closing balance presented as assets	348	-26	-198	124
– closing balance presented as liabilities	16,171	266	1,535	17,972
Net closing balance	**15,823**	**292**	**1,733**	**17,848**

31 Insurance contracts by segment continued

Insurance contracts segment Japan Life

Insurance contracts under General Model and Variable Fee Approach (2023)

Japan Life 2023	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model and Variable Fee Approach
– opening balance presented as assets				0
– opening balance presented as liabilities	13,932	162	1,182	15,276
Net opening balance	**13,932**	**162**	**1,182**	**15,276**
– insurance contracts initially recognised in the period	-143	11	132	0
– changes in estimates that adjust the contractual service margin	-75	111	-36	0
– changes in estimates that do not adjust the contractual service margin	1	1		2
Changes that relate to future service	**-217**	**123**	**96**	**2**
– release to profit or loss		-27	-161	-188
– experience adjustments not adjusting the contractual service margin	-18			-18
Changes that relate to current service	**-18**	**-27**	**-161**	**-206**
– changes in incurred claims and benefits previous periods	9			9
Changes that relate to past service	**9**	**0**	**0**	**9**
– finance result through profit or loss	135	1	4	140
– finance result recognised in OCI	54	12		66
Finance result on insurance contracts	**189**	**13**	**4**	**206**
– premiums received	2,441			2,441
– acquisition costs paid	-112			-112
– claims, benefits and attributable expenses paid	-2,447			-2,447
Cash flows	**-118**	**0**	**0**	**-118**
Foreign currency exchange differences	-1,395	-13	-113	-1,521
Net closing balance	**12,382**	**258**	**1,008**	**13,648**
– closing balance presented as assets				0
– closing balance presented as liabilities	12,382	258	1,008	13,648
Net closing balance	**12,382**	**258**	**1,008**	**13,648**

31 Insurance contracts by segment continued

Insurance contracts under General Model and Variable Fee Approach (2022) (Restated)

Japan Life 2022 (Restated)	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model and Variable Fee Approach
– opening balance presented as assets				0
– opening balance presented as liabilities	15,704	140	1,126	16,970
Net opening balance	**15,704**	**140**	**1,126**	**16,970**
– insurance contracts initially recognised in the period	-281	10	271	0
– changes in estimates that adjust the contractual service margin	-97	56	42	1
– changes in estimates that do not adjust the contractual service margin	2			2
Changes that relate to future service	**-376**	**66**	**313**	**3**
– release to profit or loss		-16	-180	-196
– experience adjustments not adjusting the contractual service margin	-11			-11
Changes that relate to current service	**-11**	**-16**	**-180**	**-207**
– finance result through profit or loss	118		3	121
– finance result recognised in OCI	-1,043	-19		-1,062
Finance result on insurance contracts	**-925**	**-19**	**3**	**-941**
– premiums received	3,039			3,039
– acquisition costs paid	-184			-184
– claims, benefits and attributable expenses paid	-2,182			-2,182
Cash flows	**673**	**0**	**0**	**673**
Other movements	-3			-3
Foreign currency exchange differences	-1,130	-9	-80	-1,219
Net closing balance	**13,932**	**162**	**1,182**	**15,276**
– closing balance presented as assets				0
– closing balance presented as liabilities	13,932	162	1,182	15,276
Net closing balance	**13,932**	**162**	**1,182**	**15,276**

32 Principal subsidiaries and geographical information

The table below provides additional information on principal subsidiaries, the nature of the main activities and employees by country.

Principal subsidiaries and geographical information (2023)

Country/Name of principal subsidiaries	Main activity	Average number of employees[1]	Total revenues[2]	Total assets	Result before tax	Taxation[3]	Income tax paid
Nationale-Nederlanden Levensverzekering Maatschappij N.V.	Life insurance						
Nationale-Nederlanden Bank N.V.	Banking						
Nationale-Nederlanden Schadeverzekering Maatschappij N.V.	General insurance						
REI Investment I B.V.	Real estate						
NN Re (Netherlands) N.V.	Reinsurance						
The Netherlands		9,127	15,128	165,114	1,277	295	147
NN Life Insurance Company, Ltd. Life insurance	Life insurance						
Japan		976	914	14,683	116	30	93
NN Insurance Belgium nv	Life insurance						
Belgium		639	688	10,402	-83	-18	1
Nationale Nederlanden Vida, Compania de Seguros y Reaseguros. S.A.	Life insurance						
Nationale Nederlanden Generales, Compania de Seguros y Reaseguros, S.A.	General insurance						
Spain		580	562	4,516	16	2	6
Nationale-Nederlanden Towarzystwo Ubezpieczeń na Życie S.A.	Life insurance						
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.	Pensions						
Poland		1,169	770	3,461	150	33	-3
NN Biztosító Zártkörûen Mûködõ Részvénytársaság.	Life insurance						
Hungary		488	205	1,313	8	2	2
NN Hellenic Life Insurance Co. S.A.	Life insurance						
Greece		581	601	4,289	20	3	
NN Životní pojišťovna N.V. (pobočka pro Českou republiku)	Life insurance						
Czech Republic		688	250	1,299	25	1	4
NN Asigurari de Viata S.A.	Life insurance						
Romania		512	265	1,082	40	7	4
NN Životná poisťovna, a.s.	Life insurance						
Slovak Republic		392	177	786	36	9	7
Turkey		195	27	42		-2	
United Kingdom				51	8		
Germany			-22	595	-22	-5	3
France			-48	831	-54	-7	5
Italy			4	268	4		1
Argentina		1					
Mexico		1	1	14	7	2	
Denmark			-15	195	-16	-4	
Total		15,349	19,507	208,941	1,532	348	270

1 The average number of employees is on a full-time equivalent basis.
2 Total revenues contains of Insurance income, Investment result and Fee and commission result.
3 Taxation is the taxation amount charged to the profit and loss account.

32 Principal subsidiaries and geographical information continued

Principal subsidiaries and geographical information (2022) (Restated)

Country/Name of principal subsidiaries	Average number of employees[1]	Total revenues[2]	Total assets	Main activity	Result before tax	Taxation[3]	Income tax paid
Nationale-Nederlanden Levensverzekering Maatschappij N.V.				Life insurance			
Nationale-Nederlanden Bank N.V.				Banking			
Nationale-Nederlanden Schadeverzekering Maatschappij N.V.				General insurance			
REI Investment I B.V.				Real estate			
NN Re (Netherlands) N.V.				Reinsurance			
ABN AMRO Levensverzekeringen N.V.				Life insurance			
The Netherlands	8,746	5,651	161,545		422	18	-19
NN Life Insurance Company, Ltd.				Life insurance			
Japan	937	645	17,242		115	33	72
NN Insurance Belgium nv				Life insurance			
Belgium	659	354	10,068		-78	-16	-51
Nationale Nederlanden Vida, Compania de Seguros y Reaseguros. S.A.				Life insurance			
Nationale Nederlanden Generales, Compania de Seguros y Reaseguros, S.A.				General insurance			
Spain	554	85	4,556		8	2	1
Nationale-Nederlanden Towarzystwo Ubezpieczeń na Życie S.A.				Life insurance			
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.				Pensions			
Poland	1,125	346	2,959		98	24	58
NN Biztosító Zártkörûen Mûködõ Részvénytársaság.				Life insurance			
Hungary	446	18	1,093		14	4	3
NN Hellenic Life Insurance Co. S.A.				Life insurance			
Greece	500	336	3,957		3		
NN Životní pojišťovna N.V. (pobočka pro Českou republiku)				Life insurance			
Czech Republic	668	32	1,145		6	1	42
NN Asigurari de Viata S.A.				Life insurance			
Romania	488	126	945		40	7	7
Slovak Republic	361	32	726		15	4	15
Turkey	197	20	38		-3	-1	
Switzerland	2						
United Kingdom	7	-9	606		-19	2	1
Germany	5	-2	541		-2	-3	3
France	4	21	1,116		13	31	12
Italy	3	3	266		3	-1	
Uruguay	1						
Ireland							1
Singapore	16						
Argentina	2		1				
Mexico	1	1	5				
United States	7						
Denmark		15	215		13	3	
Total	14,729	7,674	207,024		648	108	145

1 The average number of employees is on a full-time equivalent basis.
2 Total revenues contains of Insurance income, Investment result and Fee and commission result.
3 Taxation is the taxation amount charged to the profit and loss account.

Information on guarantees issued by NN Group N.V. to subsidiaries under article 403 of Book 2 of the Dutch Civil Code is filed with the Chamber of Commerce.

33 Taxation

Income tax on the result for the year comprises current and deferred tax. Income tax is generally recognised in the profit and loss account, but is recognised directly in equity if the tax relates to items that are recognised directly in equity.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the balance sheet. Deferred tax is determined using tax rates (and laws) applicable in the jurisdictions in which NN Group is liable to taxation, that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses carried forward where it is probable that future taxable profits will be available against which the temporary differences can be used. Unrecognised deferred tax assets are reassessed periodically and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by NN Group and it is probable that the difference will not reverse in the foreseeable future. The tax effects of income tax losses available for carry forward are recognised as an asset where it is probable that future taxable profits will be available against which these losses can be used.

Offsetting deferred tax assets with deferred tax liabilities is allowed as long as there is a legally enforceable right to offset current tax assets against current tax liabilities together with the intention to do so and the deferred taxes relate to income taxes levied by the same taxation authority on the same entity or on the same fiscal unity.

NN Group will be subject to the requirements of the International Tax Reform – Pillar Two Model Rules once these become effective. NN Group currently expects the Pillar Two minimum taxation requirements to be applicable to most of its operations, but does not expect significant impact in any of the jurisdictions in which it operates. Also no significant impact on the effective tax rate is currently expected.

Deferred tax (2023)

	Net liability 2022 (Restated)	Changes through equity	Changes through net result	Changes in the composition of the group and other changes	Foreign currency exchange differences	Net liability 2023
Investments	-3,158	953	-3	55	1	-2,152
Investments in real estate	1,162		-151	2		1,013
Fiscal reserves			36			36
Insurance contracts	1,572	-923	150	-197	-8	594
Cash flow hedges	1,005	-15				990
Unused tax losses carried forward	-131		-3			-134
Other	43	-5	-56	84		66
Deferred tax	**493**	**10**	**-27**	**-56**	**-7**	**413**
Presented in the balance sheet as						
Deferred tax liabilities	624					559
Deferred tax assets	131					146
Deferred tax	**493**					**413**

33 Taxation continued

Deferred tax (2022) (Restated)

	Net liability 2021 (Restated)	Changes through equity	Changes through net result	Changes in the composition of the group and other changes	Foreign currency exchange differences	Net liability 2022 (Restated)
Investments	4,103	-7,219	-145	110	-7	-3,158
Investments in real estate	1,172		-10			1,162
Fiscal reserves	91		-91			0
Insurance contracts	-7,866	9,004	569	-124	-11	1,572
Cash flow hedges	3,068	-2,063				1,005
Unused tax losses carried forward	-88		-48	5		-131
Other	270	-54	-116	-57		43
Deferred tax	**750**	**-332**	**159**	**-66**	**-18**	**493**
Presented in the balance sheet as						
Deferred tax liabilities	781					624
Deferred tax assets	31					131
Deferred tax	**750**					**493**

Deferred tax on unused tax losses carried forward

	2023	2022 (Restated)
Total unused tax losses carried forward	757	716
Unused tax losses carried forward not recognised as a deferred tax asset	-186	-196
Unused tax losses carried forward recognised as a deferred tax asset	**571**	**520**
Average tax rate	23.4%	25.1%
Deferred tax asset	**134**	**131**

Total unused tax losses carried forward analysed by term of expiration

	No deferred tax asset recognised		Deferred tax asset recognised	
	2023	2022 (Restated)	2023	2022 (Restated)
Within 1 year	18	4		
More than 1 year but less than 5 years	32	49	171	9
More than 5 years but less than 10 years	5	7	15	
Unlimited	131	136	385	511
Total unused tax losses carried forward	**186**	**196**	**571**	**520**

Deferred tax assets are recognised for temporary deductible differences, for tax losses carried forward and unused tax credits only to the extent that realisation of the related tax benefit is probable.

Taxation on result

	2023	2022 (Restated)
Current tax	375	-51
Deferred tax	-27	159
Taxation on result	**348**	**108**

33 Taxation continued

NN Group N.V., together with certain of its subsidiaries, is a part of a fiscal unity for Dutch income tax purposes. The members of the fiscal unity are jointly and severally liable for any income taxes payable by the Dutch fiscal unity.

Reference is made to Note 32 'Principal subsidiaries and geographical information' for more information on the taxation per country.

Reconciliation of the weighted average statutory tax rate to NN Group's effective tax rate

	2023	2022 (Restated)
Result before tax	1,532	648
Weighted average statutory tax rate	24.7%	24.2%
Weighted average statutory tax amount	**378**	**157**
Participation exemption	-49	-124
Other income not subject to tax and other	22	-11
Expenses not deductible for tax purposes	8	30
Impact on deferred tax from change in tax rates	-4	
Deferred tax benefit for previously unrecognised amounts	-2	5
Tax for non-recognised losses		2
Write-off (reversal) of deferred tax assets		-6
Adjustments to prior periods	-5	55
Effective tax amount	**348**	**108**
Effective tax rate	**22.7%**	**16.6%**

In 2023, the effective tax rate of 22.7% was lower than the weighted average statutory tax rate of 24.7%. This was mainly a result of tax exempt investment results.

In 2022, the effective tax rate for continuing operations of 16.6% was lower than the weighted average statutory tax rate of 24.2%. This was mainly a result of tax exempt investment results. This was partly offset by a tax expense following a reassessment of prior year tax liabilities.

Taxation on components of other comprehensive income

	2023	2022 (Restated)
Finance result on (re) insurance contracts recognised in OCI	917	-8,921
Revaluations on debt securities and loans at fair value through OCI	-816	7,204
Realised gains (losses) transferred to the profit and loss account	-84	8
Changes in cash flow hedge reserve	15	2,063
Remeasurement of the net defined benefit asset/liability	5	-24
Income tax	**37**	**330**

34 Fair value of financial assets and liabilities

The following table presents the estimated fair value of NN Group's financial assets and liabilities. Certain balance sheet items are not included in the table, as they do not meet the definition of a financial asset or liability or are (re) insurance contracts. The aggregation of the fair value presented below does not represent and should not be construed as representing, the underlying value of NN Group.

Fair value of financial assets and liabilities

	Estimated fair value		Balance sheet value	
	2023	2022 (Restated)	2023	2022 (Restated)
Financial assets				
Cash and cash equivalents	8,207	6,670	8,207	6,670
Investments at fair value through other comprehensive income	110,100	115,061	110,100	115,061
Investments at cost	20,651	19,412	21,488	20,291
Investments at fair value through profit or loss	49,392	43,162	49,392	43,162
Derivatives	2,486	2,452	2,486	2,452
Financial assets	**190,836**	**186,757**	**191,673**	**187,636**
Financial liabilities				
Investment contracts for risk of company	1,222	1,020	1,289	1,104
Investment contracts for risk of policyholders	2,333	2,317	2,332	2,317
Investment contracts	**3,555**	**3,337**	**3,621**	**3,421**
Debt instruments issued	1,098	1,498	1,195	1,694
Subordinated debt	2,784	2,287	2,680	2,334
Other borrowed funds	9,633	10,683	9,992	11,118
Customer deposits	16,069	15,619	16,460	16,235
Derivatives	4,067	6,461	4,067	6,461
Financial liabilities	**37,206**	**39,885**	**38,015**	**41,263**

The estimated fair value represents the price at which an orderly transaction to sell the financial asset or to transfer the financial liability would take place between market participants at the balance sheet date (exit price).

The fair value of financial assets and liabilities is based on unadjusted quoted market prices at the balance sheet date where available. Such quoted market prices are primarily obtained from exchange prices for listed instruments. Where an exchange price is not available, market prices may be obtained from external market vendors, brokers or market makers. In general, positions are valued taking the bid price for a long position and the offer price for a short position and financial liabilities. In some cases, positions are marked at mid-market prices. When markets are less liquid there may be a range of prices for the same security from different price sources; selecting the most appropriate price requires judgement and could result in different estimates of the fair value.

For certain financial assets and liabilities quoted market prices are not available, for example for financial instruments that are not traded in an active market. An active market for the financial instrument is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Assessing whether a market is active requires judgement, considering factors specific to the financial instrument.

For these financial assets and liabilities, fair value is determined using valuation techniques, based on market conditions existing at each balance sheet date. These valuation techniques range from discounting of cash flows to valuation models, where relevant pricing factors including the market price of underlying reference instruments, market parameters (volatilities, correlations and credit ratings) and customer behaviour are taken into account.

34 Fair value of financial assets and liabilities continued

Valuation techniques are subjective in nature and significant judgement is involved in establishing the fair value for certain financial assets and liabilities. Valuation techniques involve various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could produce significantly different estimates of the fair value.

The following methods and assumptions were used by NN Group to estimate the fair value of the financial instruments:

Cash and cash equivalents

Cash and cash equivalents are recognised at their nominal value which approximates the fair value.

Derivatives

Derivative contracts can either be exchange-traded or over the counter (OTC). The fair value of exchange-traded derivatives is determined using quoted market prices in an active market and those derivatives are classified in Level 1 of the fair value hierarchy. For those instruments that are not actively traded, the fair value is estimated based on valuation techniques. OTC derivatives and derivatives trading in an inactive market are valued using valuation techniques because quoted market prices in an active market are not available for such instruments. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instruments. The principal techniques used to value these instruments are based on discounted cash flows, Black-Scholes option models and Monte Carlo simulation. These valuation models calculate the present value of expected future cash flows, based on 'no arbitrage' principles. These models are commonly used in the financial industry. Inputs to valuation models are determined from observable market data where possible. Certain inputs may not be observable in the market directly, but can be determined from observable prices via valuation model calibration procedures. The inputs used include prices available from exchanges, dealers, brokers or providers of pricing, yield curves, credit spreads, default rates, recovery rates, dividend rates, volatility of underlying interest rates, equity prices and foreign currency exchange rates. These inputs are determined with reference to quoted prices, recently executed trades, independent market quotes and consensus data, where available.

Investments at fair value through other comprehensive income and profit or loss

Equity securities

The fair value of publicly traded equity securities is determined using quoted market prices when available. Where no quoted market prices are available, fair value is determined based on quoted prices for similar instruments or other valuation techniques. The fair value of private equity is based on quoted market prices, if available. In the absence of quoted prices in an active market, fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects, price, earnings comparisons and revenue multiples and by reference to market valuations for similar entities quoted in an active market.

Debt securities

The fair value for debt securities is based on quoted market prices, where available. Quoted market prices may be obtained from an exchange, dealer, broker, industry group, pricing service or regulatory service. If quoted prices in an active market are not available, fair value is based on an analysis of available market inputs, which may include values obtained from one or more pricing services or by a valuation technique that discounts expected future cash flows using market interest rate curves, referenced credit spreads, maturity of the investment and estimated prepayment rates where applicable.

Loans

For loans and advances that are repriced frequently and have had no significant changes in credit risk, carrying values represent a reasonable estimate of fair value. The fair value of other loans is estimated by discounting expected future cash flows using a discount rate that reflects credit risk, liquidity and other current market conditions.

The fair value of mortgage loans is estimated by discounting the cash flows on a loan part-by-loan part basis taking into account the characteristics of the loans by applying a market discount rate. The valuation method takes into account the type of mortgage, remaining period until interest reset date, credit quality (NHG, LTV buckets), prepayment and product-specific characteristics.

Loans with similar characteristics are aggregated for calculation purposes.

Subordinated debt and debt instruments issued

The fair value of subordinated debt and debt instruments issued is estimated using discounted cash flows based on interest rates and credit spreads that apply to similar instruments.

34 Fair value of financial assets and liabilities continued

Other borrowed funds

The fair value of other borrowed funds is generally based on quoted market prices or, if not available, on estimated prices by discounting expected future cash flows using a current market interest rate and credit spreads applicable to the yield, credit quality and maturity.

Investment contracts

For investment contracts for risk of the company the fair value has been estimated using a discounted cash flow approach based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. For investment contracts for risk of policyholders the fair value generally equals the fair value of the underlying assets.

Customer deposits

The carrying values of customer deposits with no stated maturity approximate their fair value. The fair values of deposits with stated maturities have been estimated based on discounting future cash flows using a discount rate that reflects credit risk, liquidity and other current market conditions.

Financial assets and liabilities at fair value

The fair value of the financial instruments carried at fair value was determined as follows:

Methods applied in determining the fair value of financial assets and liabilities at fair value (2023)

2023	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives	1	2,485		2,486
Investments at fair value through OCI	46,113	24,508	39,479	110,100
Investments at fair value through profit or loss	40,251	1,594	7,547	49,392
Financial assets	**86,365**	**28,587**	**47,026**	**161,978**
Financial liabilities				
Investment contracts (for contracts at fair value)	2,332			2,332
Derivatives	57	3,990	20	4,067
Financial liabilities	**2,389**	**3,990**	**20**	**6,399**

Methods applied in determining the fair value of financial assets and liabilities at fair value (2022) (Restated)

2022 (Restated)	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives	131	2,321		2,452
Investments at fair value through OCI	47,409	26,904	40,748	115,061
Investments at fair value through profit or loss	35,870	1,679	5,613	43,162
Financial assets	**83,410**	**30,904**	**46,361**	**160,675**
Investment contracts (for contracts at fair value)	2,317			2,317
Derivatives	2	6,440	19	6,461
Financial liabilities	**2,319**	**6,440**	**19**	**8,778**

34 Fair value of financial assets and liabilities continued

NN Group has categorised its financial instruments that are either measured in the balance sheet at fair value or for which the fair value is disclosed, into a three level hierarchy based on the priority of the inputs to the valuation. The fair value hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to valuation techniques supported by unobservable inputs. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide reliable pricing information on an ongoing basis.

The fair value hierarchy consists of three levels, depending on whether the fair value is determined based on (unadjusted) quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have a more than insignificant impact on the fair value of the instrument (Level 3). Financial assets in Level 3 include, for example, illiquid debt instruments, complex OTC and credit derivatives, certain complex loans (for which current market information about similar assets to use as observable, corroborated data for all significant inputs into a valuation model is not available), mortgage loans and consumer lending, private equity securities and investments in real estate funds.

Observable inputs reflect market data obtained from independent sources. Unobservable inputs are inputs which are based on NN Group’s own assumptions about the factors that market participants would use in pricing an asset or liability, developed based on the best information available in the circumstances. Unobservable inputs may include volatility, correlation, spreads to discount rates, default rates and recovery rates, prepayment rates and certain credit spreads. Transfers into and transfers out of levels in the fair value hierarchy are recognised on the date of the event or change of circumstances that caused the transfer.

Level 1 – (Unadjusted) Quoted prices in active markets

This category includes financial instruments whose fair value is determined directly by reference to published quotes in an active market that NN Group can access. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions with sufficient frequency and volume to provide reliable pricing information on an ongoing basis.

Level 2 – Valuation technique supported by observable inputs

This category includes financial instruments whose fair value is determined using a valuation technique (e.g. a model), where inputs in the model are taken from an active market or are observable. If certain inputs in the model are unobservable the instrument is still classified in this category, provided that the impact of those unobservable inputs elements on the overall valuation is insignificant. Included in this category are items whose value is derived from quoted prices of similar instruments, but for which the prices are modified based on other market observable external data and items whose value is derived from quoted prices but for which there was insufficient evidence of an active market.

Level 3 – Valuation technique supported by unobservable inputs

This category includes financial instruments whose fair value is determined using a valuation technique (e.g. a model) for which more than an insignificant part of the inputs in terms of the overall valuation are not market observable. This category also includes financial assets and liabilities whose fair value is determined by reference to price quotes but for which the market is considered inactive. An instrument is classified in its entirety as Level 3 if a significant portion of the instrument’s fair value is driven by unobservable inputs. Unobservable in this context means that there is little or no current market data available from which the price at which an orderly transaction would likely occur can be derived.

34 Fair value of financial assets and liabilities continued

Changes in Level 3 financial assets (2023)

2023	Investments at fair value through other comprehensive income	Investments at fair value through profit or loss	Total
Level 3 Financial assets – opening balance	40,748	5,613	46,361
Amounts recognised in the profit and loss account	-97	42	-55
Revaluations recognised in other comprehensive income (equity)	909		909
Purchase	2,029	900	2,929
Sale	-183	-728	-911
Maturity/settlement	-2,634	-9	-2,643
Other transfers and reclassifications	-1,286	1,286	0
Transfers out of Level 3	-3	-11	-14
Changes in the composition of the group and other changes	-4	454	450
Level 3 Financial assets – closing balance	**39,479**	**7,547**	**47,026**

Changes in Level 3 financial assets (2022) Restated

2022 (Restated)	Investments at fair value through other comprehensive income	Investments at fair value through profit or loss	Total
Level 3 Financial assets – opening balance	48,107	4,260	52,367
Amounts recognised in the profit and loss account	-199	-101	-300
Revaluations recognised in other comprehensive income (equity)	-8,800		-8,800
Purchase	5,309	1,563	6,872
Sale	-318	-213	-531
Maturity/settlement	-3,638	-2	-3,640
Other transfers and reclassifications	-19	130	111
Transfers into Level 3	319		319
Changes in the composition of the group and other changes	-18	1	-17
Foreign currency exchange differences	5	-25	-20
Level 3 Financial assets – closing balance	**40,748**	**5,613**	**46,361**

34 Fair value of financial assets and liabilities continued

Changes in Level 3 financial liabilities

	2023	2022 (Restated)
Level 3 Financial liabilities – opening balance	19	23
Amounts recognised in the profit and loss account	1	-4
Level 3 Financial liabilities – closing balance	**20**	**19**

Level 3 – Amounts recognised in the profit and loss account during the year (2023)

2023	Held at balance sheet date	Derecognised during the period	Total
Financial assets			
Investments at fair value through other comprehensive income	-109	12	-97
Investments at fair value through profit or loss	45	-3	42
Financial assets	**-64**	**9**	**-55**
Financial liabilities			
Derivatives	1		1
Financial liabilities	**1**	**0**	**1**

Level 3 – Amounts recognised in the profit and loss account during the year (2022) (Restated)

2022 (Restated)	Held at balance sheet date	Derecognised during the period	Total
Financial assets			
Investments at fair value through other comprehensive income	-199		-199
Investments at fair value through profit or loss	-101		-101
Financial assets	**-300**	**0**	**-300**
Financial liabilities			
Derivatives	-4		-4
Financial liabilities	**-4**	**0**	**-4**

34 Fair value of financial assets and liabilities continued

Level 3 Financial assets at fair value

Financial assets measured at fair value in the balance sheet as at 31 December 2023 of EUR 161,978 million (2022: EUR 160,675 million) include an amount of EUR 47,026 million (29%) that is classified as Level 3 (2022: EUR 46,361 million (29%)). Changes in Level 3 are disclosed above in the table 'Level 3 Financial assets'.

Financial assets in Level 3 include both assets for which the fair value was determined using valuation techniques that incorporate unobservable inputs and assets for which the fair value was determined using quoted prices, but for which the market was not actively trading at or around the balance sheet date. Unobservable inputs are inputs which are based on NN Group's own assumptions about the factors that market participants would use in pricing an asset, developed based on the best information available in the circumstances. Unobservable inputs may include volatility, correlation, spreads to discount rates, default rates and recovery rates, prepayment rates and certain credit spreads. Fair values that are determined using valuation techniques using unobservable inputs are sensitive to the inputs used. Fair values that are determined using quoted prices are not sensitive to unobservable inputs, as the valuation is based on unadjusted external price quotes. These are classified in Level 3 as a result of the illiquidity in the relevant market, but are not significantly sensitive to NN Group's own unobservable inputs.

Unrealised gains and losses that relate to 'Level 3 Financial assets' are included in the profit and loss account as follows:

- Those relating to Investments for risk of policyholders and other investments at fair value through profit or loss are included in 'Gains (losses) on Investments at fair value through profit or loss'
- Those relating to derivatives are included in 'Result on derivatives and hedging'

Investments at fair value through other comprehensive income

The investments at fair value through other comprehensive income classified as 'Level 3 Financial assets' amounted EUR 39,479 million as at 31 December 2023 (2022: EUR 40,748 million) mainly consists of investments in debt instruments and shares in real estate investment funds and private equity investment funds of which the fair value is determined using (unadjusted) quoted prices in inactive markets for the instruments or quoted prices obtained from the asset managers of the funds. It is estimated that a 10% change in valuation of these investments would increase or reduce shareholders' equity by EUR 3,948 million (2022: EUR 4,075 million), being approximately 20% (before tax) (2022: 21% (before tax)), of total equity.

Investments at fair value through profit or loss

Investments for risk of policyholders

Investments for risk of policyholders classified as 'Level 3 Financial assets' amounted EUR 2,284 million as at 31 December 2023 (2022: EUR 609 million). Net result is unaffected when reasonable possible alternative assumptions would have been used in measuring these investments.

Level 3 Financial liabilities at fair value

Derivatives

The total amount of financial liabilities classified as Level 3 at 31 December 2023 of EUR 20 million (2022: EUR 19 million) relates to derivative positions. EUR 18 million (2022: EUR 19 million) relates to longevity hedges closed by NN Group. It is estimated that a 5% increase in mortality assumptions for these longevity hedges reduces result and equity before tax by EUR 4 million (2022: EUR 5 million) and a 5% decrease in mortality assumptions increases result and equity before tax by EUR 6 million (2022: EUR 7 million).

34 Fair value of financial assets and liabilities continued

Financial assets and liabilities at cost

The fair value of the financial instruments carried at cost in the balance sheet (where fair value is disclosed) was determined as follows:

Methods applied in determining the fair value of financial assets and liabilities at cost (2023)

2023	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	8,207			8,207
Investments at cost	42	17	20,592	20,651
Financial assets	**8,249**	**17**	**20,592**	**28,858**
Financial liabilities				
Subordinated debt	2,784			2,784
Debt instruments issued	1,098			1,098
Other borrowed funds	6,648	2,985		9,633
Investment contracts for risk of company	329		893	1,222
Customer deposits	9,440	6,629		16,069
Financial liabilities	**20,299**	**9,614**	**893**	**30,806**

Methods applied in determining the fair value of financial assets and liabilities at cost (2022) (Restated)

2022 (Restated)	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	6,669		1	6,670
Investments at cost	70	51	19,291	19,412
Financial assets	**6,739**	**51**	**19,292**	**26,082**
Financial liabilities				
Subordinated debt	2,287			2,287
Debt instruments issued	1,498			1,498
Other borrowed funds	5,596	5,087		10,683
Investment contracts for risk of company	54		966	1,020
Customer deposits	10,309	5,310		15,619
Financial liabilities	**19,744**	**10,397**	**966**	**31,107**

35 Fair value of non-financial assets

The following table presents the estimated fair value of NN Group's non-financial assets that are measured at fair value in the balance sheet. Reference is made to Note 1 'Accounting policies' in the sections 'Real estate investments' and 'Property and equipment' for the methods and assumptions used by NN Group to estimate the fair value of the non-financial assets.

Fair value of non-financial assets

	Estimated fair value		Balance sheet value	
	2023	2022 (Restated)	2023	2022 (Restated)
Investments in real estate	2,620	2,754	2,620	2,754
Property in own use	92	97	92	97
Fair value of non-financial assets	**2,712**	**2,851**	**2,712**	**2,851**

The fair value of the non-financial assets were determined as follows:

Methods applied in determining the fair value of non-financial assets at fair value (2023)

2023	Level 1	Level 2	Level 3	Total
Investments in real estate			2,620	2,620
Property in own use			92	92
Non-financial assets	**0**	**0**	**2,712**	**2,712**

Methods applied in determining the fair value of non-financial assets at fair value (2022) (Restated)

2022 (Restated)	Level 1	Level 2	Level 3	Total
Investments in real estate			2,754	2,754
Property in own use			97	97
Non-financial assets	**0**	**0**	**2,851**	**2,851**

Changes in Level 3 non-financial assets (2023)

2023	Real estate investments	Property in own use
Level 3 non-financial assets – opening balance	2,754	97
Amounts recognised in the profit and loss account during the year	-276	-9
Purchase	193	3
Revaluation recognised in equity during the year		-1
Sale	-50	
Changes in the composition of the group and other changes	-1	1
Foreign currency exchange differences		1
Level 3 non-financial assets – closing balance	**2,620**	**92**

35 Fair value of non-financial assets continued

Changes in Level 3 non-financial assets (2022) (Restated)

2022 (Restated)	Real estate investments	Property in own use
Level 3 non-financial assets – opening balance	2,719	71
Amounts recognised in the profit and loss account during the year	-8	-2
Purchase	136	1
Revaluation recognised in equity during the year		3
Sale	-100	-1
Changes in the composition of the group and other changes	7	25
Level 3 non-financial assets – closing balance	**2,754**	**97**

Level 3 – Amounts recognised in the profit and loss account during the year on non-financial assets (2023)

2023	Held at balance sheet date	Derecognised during the year	Total
Investments in real estate	-275	-1	-276
Property in own use	-8	-1	-9
Level 3 Amounts recognised in the profit and loss account during the year on non-financial assets	**-283**	**-2**	**-285**

Level 3 – Amounts recognised in the profit and loss account during the year on non-financial assets (2022) (Restated)

2022 (Restated)	Held at balance sheet date	Derecognised during the year	Total
Investments in real estate	-8		-8
Property in own use		-2	-2
Level 3 Amounts recognised in the profit and loss account during the year on non-financial assets	**-8**	**-2**	**-10**

Real estate investments

Key assumptions

Key assumptions in the valuation of real estate include the estimated current rental value per square metre, the estimated future rental value per square metre (ERV), the net initial yield and the vacancy rate. These assumptions were in the following ranges:

35 Fair value of non-financial assets continued

Significant assumptions

	Fair value	Valuation technique	Current rent/m²	ERV/m²	Net initial yield %	Vacancy %	Average lease term in years
The Netherlands							
Retail	11	DCF	122	170.8	7.70	35.10	12.50
Industrial	161	DCF	58-109	72-148	3.86-4.26		2.70
Office	138	DCF	376-391	405-435	4.40	1.27	6.40
Residential	63	DCF	231	257.6	4.40	5.00	
Residential	4	Residual Value					
Germany							
Retail	175	DCF	20-30	19-28	5.63-6.19	10.70	1.80
Industrial	246	DCF	48-102	64-109	4.36-5.04	0.30	5.70
France							
Industrial	297	DCF	43-73	43-63	3.92-5.70		5.00
Residential	210	DCF	298-443	241-353	4.28-5.08		0.70
Spain							
Retail	235	DCF	204-275	198-263	6.3-8.69	6.50	3.40
Industrial	94	DCF	3-54	30-44	-1.41-9.23	19.60	3.80
Italy							
Retail	218	DCF	125-520	150-740	2.61-6.86	1.70	2.50
Industrial	33	DCF	57	48	5.40		5.90
Belgium							
Retail	112	DCF	65-317	98-390	4.5-9.6	8.10	2.80
Industrial	36	DCF	52	51	5.20		2.70
Office	12	DCF	229	194	6.00	27.60	1.80
Residential	24	DCF	193	189	4.30		25.20
Denmark							
Industrial	73	DCF	176-81	142-175	5.16-5.59		2.10
Residential	110	DCF	293	329	4.40		
Poland							
Retail	86	Income approach	176	160		4.40	3.10
Real estate under construction and other							
The Netherlands, Ground positions	2	Residual approach					
The Netherlands, IPUC	229	Residual approach					
Total real estate	**2,569**						

Sensitivities

Significant increases (decreases) in the estimated rental value and rent growth in isolation would result in a significantly higher (lower) fair value of the real estate investments. Significant increases (decreases) in the long-term vacancy rate and discount rate in isolation would result in a significantly lower (higher) fair value of the real estate investments.

During 2023 and 2022, the number of transactions in relevant real estate markets has decreased, resulting in larger uncertainties around the inputs to the valuations and, therefore, increased uncertainty in the fair value of real estate investments.

36 Hedge accounting

Use of derivatives and hedge accounting

NN Group uses derivatives for effective portfolio management and the management of its asset and liability portfolios. The objective of economic hedging is to enter into positions with an opposite risk profile to an identified exposure to reduce that exposure.

The accounting treatment of hedge transactions varies according to the nature of the instrument hedged and whether the hedge qualifies under the IFRS-EU hedge accounting rules. Derivatives that qualify for hedge accounting under IFRS-EU are classified and reported in accordance with the nature of the hedged item hedged and the type of IFRS-EU hedge model that is applicable. The three models applicable under IFRS-EU are: cash flow hedge accounting, fair value hedge accounting and net investment hedge accounting.

To qualify for hedge accounting under IFRS-EU, strict criteria must be met. Certain hedges that are economically effective from a risk management perspective do not qualify for hedge accounting under IFRS-EU. The fair value changes of derivatives relating to such non-qualifying hedges are taken to the profit and loss account. However, in certain cases, NN Group mitigates the profit or loss volatility by designating hedged assets and liabilities at fair value through profit or loss. If hedge accounting is applied under IFRS-EU, it is possible that during the hedge a hedge relationship no longer qualifies for hedge accounting and hedge accounting cannot be continued, even if the hedge remains economically effective. As a result, the volatility arising from undertaking economic hedging in the profit and loss account may be higher than would be expected from an economic point of view.

At the inception of the hedge transaction NN Group documents the relationship between hedging instruments and hedged items, its risk management objectives, together with the methods selected to assess hedge effectiveness. In addition, NN Group documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of the hedged items.

With respect to exchange rate and interest rate derivative contracts, the notional or contractual amount of these instruments is indicative of the nominal value of transactions outstanding at the balance sheet date; however they do not represent amounts at risk.

In 2017, NN Group entered into a longevity hedge, based on a general index of Dutch mortality. The maximum pay-out of the hedge amounts to EUR 100 million, payable after twenty years. The hedge is financed by annual premium payments to the counterparty. The longevity hedge is accounted for as derivative. The hedge reduces the impact of longevity trend scenarios implying more improvement in life expectancy. The regulator gave approval to include the effects of this specific hedge on the SCR. The purpose of the hedge is to reduce the longevity risk.

Cash flow hedge accounting

NN Group's hedge accounting consists mainly of cash flow hedge accounting. NN Group's cash flow hedges principally consist of (forward) interest rate swaps and cross-currency interest rate swaps that are used to protect against its exposure to variability in future interest cash flows on assets and liabilities that bear interest at variable rates or are expected to be refunded or reinvested in the future. The amounts and timing of future cash flows, representing both principal and interest flows, are projected for each portfolio of financial assets and liabilities, based on contractual terms and other relevant factors including estimates of prepayments and defaults.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income (equity) in 'Cash flow hedge reserve'. Interest income and expenses on these derivatives are recognised in the profit and loss account consistent with the manner in which the forecast cash flows affect Net result. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amounts accumulated in equity are recycled to the profit and loss account in the periods in which the hedged item affects Net result. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss previously reported in equity is transferred immediately to the profit and loss account.

36 Hedge accounting continued

For the year ended 31 December 2023, NN Group recognised EUR -53 million (2022: EUR -5,942 million) in equity as effective fair value changes on derivatives under cash flow hedge accounting. The balance of the cash flow hedge reserve in equity as at 31 December 2023 is EUR 3,833 million (2022: EUR 3,901 million) gross and EUR 2,842 million (2022: EUR 2,895 million) after deferred tax. This cash flow hedge reserve will fluctuate with the fair value of the underlying derivatives and will be reflected in the profit and loss account under Interest income/expenses over the remaining term of the underlying hedged items. The cash flow hedge reserve relates to a large number of derivatives and hedged items with varying maturities up to 47 years with the largest concentrations in the range 1 year to 9 years. Accounting ineffectiveness on derivatives designated under cash flow hedge accounting resulted in EUR 3 million gain (2022: EUR 75 million loss) which was recognised in the profit and loss account.

As at 31 December 2023, the fair value of outstanding derivatives designated under cash flow hedge accounting was EUR 1,470 million (2022: EUR -2,986 million), presented in the balance sheet as EUR 536 million (2022: EUR 256 million) positive fair value under assets and EUR 2,006 million (2022: EUR 3,242 million) negative fair value under liabilities. The notional or contractual amount of these instruments amount to EUR 20,301 million.

As at 31 December 2023 and 2022, there were no non-derivatives designated as hedging instruments for cash flow hedge accounting purposes. Included in 'Interest income and Interest expenses on non-trading derivatives' is EUR 117 million (2022: EUR 137 million) and EUR 163 million (2022: EUR 127 million), respectively, relating to derivatives used in cash flow hedges.

Fair value hedge accounting

NN Group's fair value hedges principally consist of interest rate swaps and cross-currency interest rate swaps that are used to protect against changes in the fair value of fixed-rate instruments due to movements in market interest rates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the profit and loss account, together with the effective portion of the fair value adjustments to the hedged item attributable to the hedged risk. As a result, only the net accounting ineffectiveness has an impact on the net result. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative adjustment of the hedged item is, in the case of interest-bearing instruments, amortised through the profit and loss account over the remaining term of the original hedge or recognised directly when the hedged item is derecognised. For non-interest-bearing instruments, the cumulative adjustment of the hedged item is recognised in the profit and loss account only when the hedged item is derecognised.

For the year ended 31 December 2023, NN Group recognised EUR -381 million (2022: EUR 1,701 million) of fair value changes on derivatives designated under fair value hedge accounting in the profit and loss account. This amount was offset by EUR 342 million (2022: EUR -1,692 million) fair value changes recognised on hedged items. This resulted in EUR 39 million loss (2022: EUR 9 million loss) net accounting ineffectiveness recognised in the profit and loss account.

As at 31 December 2023, the fair value of outstanding derivatives designated under fair value hedge accounting was EUR -39 million (2022: EUR 62 million), presented in the balance sheet as nil (2022: EUR 62 million) positive fair value under assets and EUR 39 million (2022: nil) negative fair value under liabilities. The notional or contractual amount of these instruments amount to EUR 6,241 million.

NN Group applies fair value hedge accounting for portfolio hedges of interest rate risk (macro hedging) under the EU 'carve out' of IFRS-EU. The EU 'carve-out' for macro hedging enables a group of derivatives (or proportions) to be viewed in combination and jointly designated as the hedging instrument and removes some of the limitations in fair value hedge accounting relating to hedging core deposits and underhedging strategies. Under the IFRS-EU 'carve-out', hedge accounting may be applied to core deposits and ineffectiveness only arises when the revised estimate of the amount of cash flows in scheduled time buckets falls below the designated amount of that bucket. NN Group applies the IFRS-EU 'carve-out' to hedge the interest rate risk of mortgage loans. The hedging activities are designated under a portfolio fair value hedge on the mortgages, under IFRS-EU.

Net investment hedge accounting

Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income (equity) and the gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Gains and losses in equity are included in the profit and loss account when the foreign operation is disposed.

37 Assets by contractual maturity

Amounts presented in these tables by contractual maturity are the amounts as presented in the balance sheet.

Assets by contractual maturity (2023)

2023	Less than 1 month[1]	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Adjustment	Total
Cash and cash equivalents	7,981	225			1			8,207
Investments at fair value through OCI	1,722	2,053	4,895	18,409	79,570	3,451		110,100
Investments at cost	98	85	271	1,584	19,450			21,488
Investments at fair value through profit or loss[2]	963	5	108	252	167	47,897		49,392
Investments in real estate						2,620		2,620
Investments in associates and joint ventures						6,231		6,231
Derivatives	40	85	16	108	2,237			2,486
Insurance contracts	-9	11	49	202	258		-156	355
Reinsurance contracts	37	-25	145	561	345		-330	733
Property and equipment						348		348
Intangible assets	4	7	43	177	130	909		1,270
Deferred tax assets		38	6	38	54	10		146
Other assets	3,461	711	813	130	429	21		5,565
Total assets	**14,297**	**3,195**	**6,346**	**21,461**	**102,641**	**61,487**	**-486**	**208,941**

1 Includes assets on demand.

2 Includes Investments for risk of policyholders. Although individual Investments for risk of policyholders may (or may not) have a maturity depending on their nature, this does not impact the liquidity position of NN Group.

37 Assets by contractual maturity continued

Assets by contractual maturity (2022) (Restated)

2022 (Restated)	Less than 1 month[1]	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Adjustment	Total
Cash and cash equivalents	6,370	300						6,670
Investments at fair value through OCI	2,337	1,586	4,392	20,263	82,807	3,676		115,061
Investments at cost	100	117	255	1,629	18,190			20,291
Investments at fair value through profit or loss[2]	663	3	50	797	905	40,744		43,162
Investments in real estate						2,754		2,754
Investments in associates and joint ventures						6,450		6,450
Derivatives	71	242	77	147	1,915			2,452
Insurance contracts	11	5	18	97	74		-81	124
Reinsurance contracts	27	-73	124	474	534		-249	837
Property and equipment						399		399
Intangible assets	4	8	38	143	205	882		1,280
Deferred tax assets		1	50	-16	91	5		131
Other assets	4,110	1,949	809	91	451	3		7,413
Total assets	**13,693**	**4,138**	**5,813**	**23,625**	**105,172**	**54,913**	**-330**	**207,024**

1 Includes assets on demand.

2 Includes Investments for risk of policyholders. Although individual Investments for risk of policyholders may (or may not) have a maturity depending on their nature, this does not impact the liquidity position of NN Group.

38 Liabilities by maturity

The tables below include all liabilities by maturity based on contractual, undiscounted cash flows. Furthermore, the undiscounted future coupon interest on financial liabilities payable is included in a separate line and in the relevant maturity bucket. Derivative liabilities are included on a net basis if cash flows are settled net. For other derivative liabilities the contractual gross cash flow payable is included.

Reference is made to the Liquidity Risk paragraph in Note 50 'Risk management' for a description on how liquidity risk is managed.

Liabilities by maturity (2023)

2023	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Adjustment[1]	Total
Insurance contracts	793	2,209	8,230	41,681	152,526		-60,375	145,064
Investment contracts	1	28	42	259	629	2,662		3,621
Reinsurance contracts	1	6	5	3	153		-24	144
Debt instruments issued				600	600		-5	1,195
Subordinated debt[2]			335	850	1,500		-5	2,680
Other borrowed funds	810	1,388	1,674	3,549	2,571			9,992
Customer deposits	9,487	205	1,251	2,508	3,009			16,460
Derivatives	58	171	314	1,844	9,685		-8,005	4,067
Deferred tax liabilities	-19	92	15	-2	-593	1,066		559
Other liabilities	2,209	637	330	633	148	83		4,040
Total liabilities	**13,340**	**4,736**	**12,196**	**51,925**	**170,228**	**3,811**	**-68,414**	**187,822**
Coupon interest due on financial liabilities	29	44	225	946	2,553			3,797

1 This column reconciles the contractual undiscounted cash flow on financial liabilities to the balance sheet values. The adjustments mainly relate to valuation differences, the impact of discounting and, for derivatives, to the fact that the contractual cash flows are presented on a gross basis (unless the cash flows are actually settled net).
2 Subordinated debt maturities are presented based on the first call date. For the legal date of maturity reference is made to Note 17 'Subordinated debt'.

Liabilities by maturity (2022) (Restated)

2022 (Restated)	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Adjustment[1]	Total
Insurance contracts	1,073	1,917	7,078	40,285	155,201		-64,755	140,799
Investment contracts			82	309	658	2,372		3,421
Reinsurance contracts	2	4	17	51	156		-7	223
Debt instruments issued	500			597	597			1,694
Subordinated debt[2]				997	1,337			2,334
Other borrowed funds	1,262	1,807	2,688	2,002	3,359			11,118
Customer deposits	10,427	151	584	2,215	2,857		1	16,235
Derivatives	5	65	133	1,065	6,568	-19	-1,356	6,461
Deferred tax liabilities	45	-23	-59	-89	-262	1,012		624
Other liabilities	1,833	569	33	218	328	33		3,014
Total liabilities	**15,147**	**4,490**	**10,556**	**47,650**	**170,799**	**3,398**	**-66,117**	**185,923**
Coupon interest due on financial liabilities	21	34	152	762	2,242			3,211

1 This column reconciles the contractual undiscounted cash flow on financial liabilities to the balance sheet values. The adjustments mainly relate to the impact of discounting and, for derivatives, to the fact that the contractual cash flows are presented on a gross basis (unless the cash flows are actually settled net).
2 Subordinated debt maturities are presented based on the first call date. For the legal date of maturity reference is made to Note 17 'Subordinated debt'.

38 Liabilities by maturity continued

Expected maturity of insurance contracts

The table below provides the expected maturity of the cash flows, risk adjustment and contractual service margin remaining at the end of the reporting period. The maturity is based on contractual, undiscounted cash flows.

Expected maturity of insurance contracts (2023)

2023	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model and Variable Fee Approach	Total Premium Allocation Approach	Total Insurance assets	Total Insurance liabilities
Less than 1 month	486	13	80	579	223	-9	793
1-3 months	1,830	27	116	1,973	225	11	2,209
3-12 months	6,926	123	502	7,551	630	49	8,230
1-2 years	10,015	156	586	10,757	429	61	11,247
2-3 years	10,043	148	528	10,719	308	53	11,080
3-4 years	9,138	138	479	9,755	223	47	10,025
4-5 years	8,551	131	436	9,118	170	41	9,329
5-9 years	29,531	449	1,373	31,353	337	126	31,816
Over 9 years	116,465	1,014	2,872	120,351	227	132	120,710
Adjustments[1]	-59,604	-400		-60,004	-215	-156	-60,375
Total	**133,381**	**1,799**	**6,972**	**142,152**	**2,557**	**355**	**145,064**

1 The adjustments reconciles the contractual undiscounted cash flow on insurance contracts to the balance sheet values. The adjustments mainly relate to the impact of discounting.

Expected maturity of insurance contracts (2022) (Restated)

2022 (Restated)	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model and Variable Fee Approach	Total Premium Allocation Approach	Total Insurance assets	Total Insurance liabilities
Less than 1 month	730	14	66	810	252	11	1,073
1-3 months	1,528	23	124	1,675	237	5	1,917
3-12 months	5,676	101	528	6,305	755	18	7,078
1-2 years	8,244	129	607	8,980	453	26	9,459
2-3 years	10,323	121	529	10,973	320	25	11,318
3-4 years	9,884	115	475	10,474	230	24	10,728
4-5 years	8,044	109	427	8,580	178	22	8,780
5-9 years	30,111	377	1,327	31,815	329	69	32,213
Over 9 years	119,078	962	2,767	122,807	176	5	122,988
Adjustments[1]	-64,111	-322		-64,433	-241	-81	-64,755
Total	**129,507**	**1,629**	**6,850**	**137,986**	**2,689**	**124**	**140,799**

1 The adjustments reconciles the contractual undiscounted cash flow on insurance contracts to the balance sheet values. The adjustments mainly relate to the impact of discounting.

Amounts payable on demand were EUR 58,763 million as at 31 December 2023 (EUR 62,331 million as at 31 December 2022).

39 Assets not freely disposable

The assets not freely disposable of EUR 95 million (2022: EUR 118 million) relates to the mandatory reserve deposit at De Nederlandsche Bank and cash balances held at BNG Bank.

Assets relating to instruments lending are disclosed in Note 40 'Transferred, but not derecognised financial assets'. Assets in securitisation programmes originated by NN Bank are disclosed in Note 45 'Structured entities'.

40 Transferred, but not derecognised financial assets

The majority of NN Group's financial assets that have been transferred, but do not qualify for derecognition, are debt instruments used in securities lending. NN Group retains substantially all risks and rewards of those transferred assets. The assets are transferred in return for cash collateral or other financial assets. Non-cash collateral is not recognised in the balance sheet. Cash collateral is recognised as an asset and an offsetting liability is established for the same amount as NN Group is obligated to return this amount upon termination of the lending arrangement.

Transfer of financial assets not qualifying for derecognition

	2023	2022 (Restated)
Transferred assets at carrying value		
Investments at fair value through other comprehensive income	8,994	8,701
Investments at fair value through profit or loss	8	2
Associated liabilities at carrying value		
Other borrowed funds		250

The table above does not include assets transferred to consolidated securitisation entities, as these related assets are not transferred from a consolidated perspective. Reference is made to Note 45 'Structured entities'.

41 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when NN Group has a current legally enforceable right to set off the recognised amounts and intends to either settle on a net basis or to realise the asset and settle the liability at the same time.

The following tables include information about rights to offset and the related arrangements. The amounts included consist of all recognised financial instruments that are presented net in the balance sheet under the IFRS-EU offsetting requirements (legal right to offset and intention to settle on a net basis) and amounts presented gross in the balance sheet but subject to enforceable master netting arrangements or similar arrangement.

41 Offsetting of financial assets and liabilities continued

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (2023)

2023					Related amounts not offset in the balance sheet		
Balance sheet line item	Financial instrument	Gross financial assets	Gross financial liabilities offset in the balance sheet	Net financial assets in the balance sheet	Financial instruments	Cash and financial instruments collateral	Net amount
Derivatives	Derivatives	2,447		2,447	-1,172	-1,273	2
Derivatives		**2,447**	**0**	**2,447**	**-1,172**	**-1,273**	**2**
Other items where offsetting is applied in the balance sheet	Other assets where netting is applied in the balance sheet	404		404	-350	-53	1
Other items where offsetting is applied in the balance sheet		**404**	**0**	**404**	**-350**	**-53**	**1**
Total financial assets		**2,851**	**0**	**2,851**	**-1,522**	**-1,326**	**3**

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (2022) (Restated)

2022 (Restated)					Related amounts not offset in the balance sheet		
Balance sheet line item	Financial instrument	Gross financial assets	Gross financial liabilities offset in the balance sheet	Net financial assets in the balance sheet	Financial instruments	Cash and financial instruments collateral	Net amount
Derivatives	Derivatives	2,405		2,405	-1,642	-735	28
Derivatives		**2,405**	**0**	**2,405**	**-1,642**	**-735**	**28**
Other items where offsetting is applied in the balance sheet	Other assets where netting is applied in the balance sheet	158		158	-110	-48	0
Other items where offsetting is applied in the balance sheet		**158**	**0**	**158**	**-110**	**-48**	**0**
Total financial assets		**2,563**	**0**	**2,563**	**-1,752**	**-783**	**28**

41 Offsetting of financial assets and liabilities continued

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements (2023)

2023					Related amounts not offset in the balance sheet		
Balance sheet line item	Financial instrument	Gross financial liabilities	Gross financial assets offset in the balance sheet	Net financial liabilities in the balance sheet	Financial instruments	Cash and financial instruments collateral	Net amount
Derivatives	Derivatives	3,922		3,922	-1,172	-2,608	142
Derivatives		**3,922**	**0**	**3,922**	**-1,172**	**-2,608**	**142**
Repo's and Other items where offsetting is applied in the balance sheet		2,980		2,980	-350	-2,599	31
Repo's and Other items where offsetting is applied in the balance sheet		**2,980**	**0**	**2,980**	**-350**	**-2,599**	**31**
Total financial liabilities		**6,902**	**0**	**6,902**	**-1,522**	**-5,207**	**173**

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements (2022) (Restated)

2022 (Restated)					Related amounts not offset in the balance sheet		
Balance sheet line item	Financial instrument	Gross financial liabilities	Gross financial assets offset in the balance sheet	Net financial liabilities in the balance sheet	Financial instruments	Cash and financial instruments collateral	Net amount
Derivatives	Derivatives	6,321		6,321	-1,643	-4,610	68
Derivatives		**6,321**	**0**	**6,321**	**-1,643**	**-4,610**	**68**
Repo's and Other items where offsetting is applied in the balance sheet		4,291		4,291	-110	-4,129	52
Repo's and Other items where offsetting is applied in the balance sheet		**4,291**	**0**	**4,291**	**-110**	**-4,129**	**52**
Total financial liabilities		**10,612**	**0**	**10,612**	**-1,753**	**-8,739**	**120**

42 Contingent liabilities and commitments

In the normal course of business (excluding investment commitments) NN Group is party to activities whose risks are not reflected in whole or in part in the Consolidated annual accounts. In response to the needs of its customers, NN Group offers financial products related to loans. These products include traditional off-balance sheet credit-related financial instruments.

Contingent liabilities and commitments (2023)

2023	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Total
Commitments	364	289	681	160	19		1,513
Guarantees			18				18
Contingent liabilities and commitments	**364**	**289**	**699**	**160**	**19**	**0**	**1,531**

Contingent liabilities and commitments (2022) (Restated)

2022 (Restated)	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Total
Commitments	344	606	1,411	225	16	65	2,667
Guarantees			18	3			21
Contingent liabilities and commitments	**344**	**606**	**1,429**	**228**	**16**	**65**	**2,688**

Next to this NN Group has committed amounts to investments of EUR 4,225 million (2022: EUR 4,310 million) where it is uncertain when those amounts will be invested.

NN Group has issued certain guarantees, other than those included in ‘Insurance contracts’, which are expected to expire without being drawn on and therefore does not necessarily represent future net cash outflows. In addition to the items included in ‘Contingent liabilities’, NN Group has issued guarantees as a participant in collective arrangements of national industry bodies and as a participant in government required collective guarantee schemes which apply in different countries.

ING Group

During 2016, ING Group, NN Group’s former parent company, sold its remaining stake in NN Group. Therefore, ING Group has ceased to be a related party of NN Group in the course of 2016. The following agreements with ING Group are still relevant:

Master claim agreement

In 2012, ING Groep N.V., Voya Financial Inc. (formerly ING U.S., Inc.) and ING Insurance Eurasia N.V. entered into a master claim agreement to (a) allocate existing claims between these three parties and (b) agree on criteria for how to allocate future claims between the three parties. The master claim agreement contains further details on claim handling, conduct of litigation and dispute resolution.

Indemnification and allocation agreement

ING Groep N.V. and NN Group N.V. have entered into an indemnification and allocation agreement, in which ING Group has agreed to indemnify NN Group for certain liabilities that relate to the business of or control over certain (former) U.S. and Latin American subsidiaries of NN Group in the period until 30 September 2013 or, if the relevant subsidiary was divested by NN Group after 30 September 2013, such later date of divestment. These liabilities mainly include contingent liabilities that may arise as a result of the initial public offering of ING U.S. (such as prospectus liability), the sales of the Latin American businesses (such as claims under warranties and other buyer protection clauses) and the liabilities for the claims concerning the performance of certain interest-sensitive products that were sold by a former subsidiary of NN Group in Mexico.

43 Legal proceedings

General

NN Group is involved in litigation and arbitration proceedings in the Netherlands and in a number of foreign jurisdictions, involving claims by and against NN Group which arise in the ordinary course of its business, including in connection with its activities as insurer, lender, seller, broker-dealer, underwriter, issuer of instruments and investor and its position as employer and taxpayer. In certain of such proceedings, very large or indeterminate amounts are sought, including punitive and other damages. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, NN Group believes that some of the proceedings set out below may have, or have in the recent past had, a significant effect on the financial condition, profitability or reputation of NN Group.

Because of the geographic spread of its business, NN Group may be subject to tax audits in numerous jurisdictions at any point in time. Although NN Group believes that it has adequately provided for its tax positions, the ultimate outcome of these audits may result in liabilities that are different from the amounts recognised.

Unit-linked products in the Netherlands

Since the end of 2006, unit-linked products (commonly referred to in Dutch as 'beleggingsverzekeringen') have received negative attention in the Dutch media, from the Dutch Parliament, the AFM and consumer interest groups. Costs of unit-linked products sold in the past are perceived as too high and Dutch insurers are in general being accused of being less transparent in their offering of such unit-linked products.

In 2013 Woekerpolis.nl and in 2017 Consumentenbond and Wakkerpolis, all associations representing the interests of policyholders of Nationale-Nederlanden, individually initiated so-called 'collective proceedings' against Nationale-Nederlanden. These claims have been rejected by Nationale-Nederlanden and Nationale-Nederlanden defends itself in these legal proceedings.

On 9 January 2024, NN Group announced a settlement with interest groups ConsumentenClaim, Woekerpolis.nl, Woekerpolisproces, Wakkerpolis and Consumentenbond regarding unit-linked products sold in the Netherlands by Nationale-Nederlanden, including Delta Lloyd and ABN AMRO Life. The settlement relates to all unit-linked products of policyholders affiliated with the aforementioned interest groups and is subject to a 90% acceptance rate of affiliated policyholders that have received an individual proposal for compensation. As part of the settlement, all pending proceedings with respect to unit-linked products initiated by these interest groups against Nationale-Nederlanden will be discontinued once the settlement is executed, which is anticipated ultimately 30 June 2025. The settlement also includes that no new legal proceedings may be initiated by the aforementioned interest groups or their affiliated persons/parties. To cover the settlement costs, a provision of approximately EUR 360 million was recognised in the fourth quarter of 2023. This includes EUR 60 million for hardship cases, and customers unaffiliated with one of the aforementioned interest groups that have not previously received compensation.

Argentina

On 10 April 2019, NN Group filed a claim with the International Centre for Settlement of Investment Disputes (ICSID) under the Bilateral Investment Treaty between Argentina and the Netherlands, in order to resolve a dispute with the Argentine Republic. The dispute relates to the nationalisation of Orígenes – NN Group's former pension fund manager in Argentina – by the Argentine Government in 2008. These proceedings may last for several years. As the case is still pending, it is unclear at this stage whether and to what extent any compensation will be granted to NN Group and therefore no compensation has been recognised.

44 Companies and businesses acquired and divested

Acquisitions (2022)

MetLife's businesses in Poland and Greece

In July 2021, NN Group announced it had reached agreement to acquire 100% of MetLife's businesses in Poland and Greece as part of the strategy to strengthen NN Group's position in these growth markets. The acquisition was completed in the first half of 2022: Greece in January 2022 and Poland in April 2022.

MetLife's businesses in Poland and Greece

	MetLife Greece	MetLife Poland	Total
Consideration paid	-123	-427	-550
Fair value of net assets acquired	73	208	281
Goodwill	**50**	**219**	**269**

ABN AMRO Life

In February 2022 NN Group, ABN AMRO Bank and their joint venture ABN AMRO Verzekeringen announced that they had reached an agreement to sell the life insurance subsidiary of ABN AMRO Verzekeringen to Nationale-Nederlanden Levensverzekering Maatschappij N.V. (NN Life). This transaction was completed in July 2022. ABN AMRO Verzekeringen is a joint venture between NN Group (51%) and ABN AMRO Bank (49%). The life insurance subsidiary of ABN AMRO Verzekeringen was already consolidated by NN Group and, therefore, this transaction did not have significant impact on NN Group. On 31 March 2023, NN Life and ABN AMRO Levensverzekering N.V. (ABN AMRO Life) entered into a legal merger which became effective as per 1 April 2023. As a result of this legal merger, ABN AMRO Life ceased to exist as per 1 April 2023 and NN Life assumed all assets and liabilities of ABN AMRO Life under universal title of succession (algemene titel) as per that same date.

Divestments (2022)

NN IP

In August 2021, NN Group announced that it had reached an agreement to sell its asset management activities executed by NN Investment Partners (NN IP) to Goldman Sachs for total cash proceeds of EUR 1.7 billion closed in April 2022 resulting in a gain of EUR 1,062 million.

The results from NN IP and the divestment result are presented as Result from discontinued operations. Reference is made to Note 28 'Discontinued operations'.

Closed book portfolio NN Belgium

In November 2021, NN Group's subsidiary NN Insurance Belgium sold a closed book life portfolio to Athora Belgium. The closed book portfolio, comprising life insurance policies that are no longer being sold, reflected approximately EUR 3.3 billion of assets and liabilities. The transaction was completed on 4 October 2022.

45 Structured entities

NN Group's activities involve transactions with structured entities in the normal course of business. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed through contractual arrangements. NN Group's involvement in these entities varies and includes both debt financing and equity financing of these entities as well as other relationships. Based on its accounting policies, as disclosed in Note 1 'Accounting policies', NN Group establishes whether these involvements result in no significant influence, significant influence, joint control or control over the structured entity.

The structured entities over which NN Group can exercise control are consolidated. NN Group may provide support to these consolidated structured entities as and when appropriate, however this is fully reflected in the Consolidated annual accounts of NN Group as all assets and liabilities of these entities are included in the Consolidated balance sheet and off-balance sheet commitments are disclosed.

NN Group's activities involving structured entities are explained below in the following categories:
- Consolidated NN Group originated liquidity management securitisation and covered bond programmes
- Investments – Third-party managed structured entities

Consolidated NN Group originated liquidity management securitisation and covered bond programmes

Mortgage loans issued are partly funded by issuing residential mortgage-backed instruments under NN Group's Dutch residential mortgage-backed instruments programmes and covered bonds. In the second half of 2023, both Hypenn RMBS I and Hypenn RMBS VII were fully redeemed early. The mortgage loans transferred to these securitisation vehicles continue to be recognised in the balance sheet of NN Group. Total amounts of mortgage loans securitised (notes issued) and notes held by third parties as at 31 December is as follows:

Mortgage loans securitised

		Related mortgage loans		RMBS issued and held by third parties	
	Maturity year	2023	2022 (Restated)	2023	2022 (Restated)
Hypenn RMBS I	2023		1,048		
Hypenn RMBS VII	2023		1,302		
Soft Bullet Covered Bonds	2024-2041	9,257	5,819	6,322	4,826
Total		**9,257**	**8,169**	**6,322**	**4,826**

NN Group companies hold the remaining notes.

Third-party managed structured entities

As part of its investment activities, NN Group invests both in debt and equity instruments of structured entities originated by third parties.

Most of the investments in debt instruments of structured entities relate to asset-backed instruments (ABS), classified as Investments at fair value through other comprehensive income. Reference is made to Note 3 'Investments at fair value through other comprehensive income' where the ABS portfolio is disclosed.

The majority of the investments in equity instruments of structured entities relate to interests in investment funds that are not originated or managed by NN Group. Reference is made to Note 5 'Investments at fair value through profit or loss' in which these investments are reported in the line debt instruments for risk of company.

45 Structured entities continued

NN Group has significant influence for some of its real estate investment funds as disclosed in Note 7 'Investments in associates and joint ventures'.

The maximum exposure to loss for NN Group is equal to the reported carrying value of the investment recognised in the balance sheet of NN Group.

46 Related parties

In the normal course of business, NN Group enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Related parties of NN Group include, among others, associates, joint ventures, key management personnel and the defined benefit and defined contribution plans. Transactions between related parties have taken place on an arm's length basis and include distribution agreements, sourcing and procurement agreements, human resources-related arrangements, and rendering and receiving of services.

There are no significant provisions for doubtful debts or individually significant bad debt expenses recognised on outstanding balances with related parties.

NN Group identifies the following (groups of) related party transactions:

Transactions with key management personnel

Transactions with members of NN Group's Executive Board, Management Board and Supervisory Board are considered to be transactions with key management personnel. Reference is made to Note 47 'Key management personnel compensation' for more information on these transactions.

Transactions with consolidated entities

Entities over which NN Group can exercise control are considered to be related parties of NN Group. These entities are consolidated by NN Group. Transactions with or between entities controlled by NN Group are eliminated in the Consolidated annual accounts. More information on the NN Group originated liquidity management securitisation programmes is disclosed in Note 45 'Structured entities'.

Transactions with associates and joint ventures

Associates and joint ventures of NN Group are related parties of NN Group. The transactions with associates and joint ventures can be summarised as follows:

	2023	2022 (Restated)
Assets	85	85
Income	4	5

Transactions with post-employment benefit plans

Entities administering or executing post-employment benefit plans of the employees of NN Group are considered to be related parties of NN Group. This relates to NN Group's pensions funds, i.e. the ING Group DB pension fund (joint with ING Bank), the Stichting Pensioensfonds Delta Lloyd, the NN CDC pension fund and BeFrank in the Netherlands and Instelling voor Bedrijfspensioenvoorziening Delta Lloyd Life OFP in Belgium. For more information on the post-employment benefit plans, reference is made to Note 27 'Non-attributable operating expenses'.

Transactions with other related parties

Pension entities

NN Group operates several pension entities in The Netherlands, including the Nationale-Nederlanden Premium Pension Institution B.V., BeFrank PPI N.V., Delta Lloyd Algemeen Pensioenfonds and De Nationale Algemeen Pensioenfonds. For these entities, all asset management and other services are provided by NN Group entities on an arm's length basis. NN Group has no financial interest in the pension schemes that are executed by these entities. These entities are considered related parties.

47 Key management personnel compensation

Transactions with key management personnel (Executive Board, Management Board and Supervisory Board) are transactions with related parties. These transactions are disclosed in more detail as required by Part 9 Book 2 of the Dutch Civil Code in sections II and III in the remuneration report in the financial report. These sections of the remuneration report are therefore part of the annual accounts.

2023
Executive Board and Management Board (2023)

Amounts in thousands of euros	Executive Board	Management Board	Total
Fixed compensation			
– base salary (cash)	2,597	4,131	6,728
– base salary (fixed shares)	649	1,033	1,682
– pension costs[1]	54	157	211
– individual saving allowance[1]	696	1,029	1,725
Variable compensation			
– upfront cash	112	171	283
– upfront shares	112	171	283
– deferred cash	168	257	425
– deferred shares	168	257	425
Fixed and variable compensation	**4,556**	**7,206**	**11,762**
Other benefits	139	282	421
Employer cost social security[2]	138	192	330
Total compensation	**4,833**	**7,680**	**12,513**

1 The pension costs consist of an amount of employer contribution (EUR 211 thousand) and an individual savings allowance (EUR 1,724 thousand) which is 23,3% of the amount of base salary above EUR 128,810.
2 The employer cost social security does not impact the overall remuneration received by the Executive Board and Management Board members.

In the table above, 'Executive Board' refers to the two members of the Executive Board as at 31 December 2023. The two members of the Executive Board are also members of the Management Board. In the table above, 'Management Board' refers to the six members of the Management Board as at 31 December 2023, i.e. those members that are not also member of the Executive Board. In the table above 'Total' refers to all members of the Management Board during 2023.

Remuneration of the members of the Executive Board and the Management Board is recognised in the profit and loss account in 'Staff expenses' as part of 'Total expenses'. The total remuneration as disclosed in the table above (for 2023: EUR 12.5 million) includes all variable remuneration related to the performance year 2023. Under IFRS-EU, certain components of variable remuneration are not recognised in the profit and loss account directly, but are allocated over the vesting period of the award. The comparable amount recognised in staff expenses in 2023 and therefore included in 'Total expenses' in 2023, relating to the fixed expenses of 2023 and the vesting of variable remuneration of 2023 and earlier performance years, is EUR 12.5 million.

As at 31 December 2023, members of the Executive Board and Management Board held a total of 160,574 NN Group N.V. shares.

In 2023, 15,099 share awards on NN Group N.V. (both deferred and upfront) were granted to the Executive Board and Management Board.

47 Key management personnel compensation continued

Supervisory Board (2023)

Amounts in thousands of euros	Supervisory Board
Fixed fees	812
Expense allowances	67
Compensation Supervisory Board	**879**

As at 31 December 2023, members of the Supervisory Board held no NN Group N.V. shares.

Loans and advances to members of the Management Board (2023)

Amounts in thousands of euros	Amount outstanding 31 December	Average interest rate	Repayments
Management Board members	352	2.41%	9
Loans and advances	**352**		**9**

As at 31 December 2023, no loans and advances were provided to members of the Executive Board and Supervisory Board.

2022

Executive Board and Management Board (2022)

Amounts in thousands of euros	Executive Board[2]	Management Board	Total
Fixed compensation			
– base salary (cash)	2,555	3,820	6,375
– base salary (fixed shares)	639	955	1,594
– pension costs[1]	49	151	200
– individual saving allowance[1]	690	950	1,640
Variable compensation			
– upfront cash	100	151	251
– upfront shares	100	151	251
– deferred cash	150	227	377
– deferred shares	150	227	377
Fixed and variable compensation	**4,433**	**6,632**	**11,065**
Other benefits	411	294	705
Employer cost social security[3]	138	260	398
Total compensation	**4,982**	**7,186**	**12,168**

1 The pension costs consist of an amount of employer contribution (EUR 200 thousand) and an individual savings allowance (EUR 1,640 thousand), which is 23.3% of the amount of base salary above EUR 114,866.
2 Annemiek van Melick was appointed Chief Financial Officer and Member of the Executive Board NN Group on 1 July 2022, succeeding Delfin Rueda, who as he stepped down on 1 July 2022.
3 The employer cost social security does not impact the overall remuneration received by the Executive Board and Management Board members.

In the table above, 'Executive Board' refers to the two members of the Executive Board as at 31 December 2022. The two members of the Executive Board are also members of the Management Board. In the table above, 'Management Board' refers to the six members of the Management Board as at 31 December 2022, i.e. those members that are not also member of the Executive Board. In the table above 'Total' refers to all members of the Management Board during 2022.

47 Key management personnel compensation continued

Remuneration of the members of the Executive Board and the Management Board is recognised in the profit and loss account in 'Staff expenses' as part of 'Total expenses'. The total remuneration as disclosed in the table above (for 2022: EUR 12.2 million) includes all variable remuneration related to the performance year 2022. Under IFRS-EU, certain components of variable remuneration are not recognised in the profit and loss account directly, but are allocated over the vesting period of the award. The comparable amount recognised in staff expenses in 2022 and therefore included in 'Total expenses' in 2022, relating to the fixed expenses of 2022 and the vesting of variable remuneration of 2022 and earlier performance years, is EUR 12.9 million.

As at 31 December 2022, members of the Executive Board and Management Board held a total of 186,891 NN Group N.V. shares.

In 2022, 13,764 share awards on NN Group N.V. (both deferred and upfront) were granted to the Executive Board and Management Board.

Supervisory Board (2022)

Amounts in thousands of euros	Supervisory Board
Fixed fees	822
Expense allowances	70
Compensation Supervisory Board	**892**

As at 31 December 2022, members of the Supervisory Board held no NN Group N.V. shares.

Loans and advances to members of the Management Board (2022)

Amounts in thousands of euros	Amount outstanding 31 December	Average interest rate	Repayments
Management Board members	223	1.90%	178
Loans and advances	**223**		**178**

As at 31 December 2022, no loans and advances were provided to members of the Executive Board and Supervisory Board.

48 Fees of auditors

Fees of auditors NN Group

	2023	2022 (Restated)
Audit fees	20	17
Audit related fees	5	10
Fees of auditors NN Group N.V.	**25**	**27**

Fees as disclosed above relate to the network of the NN Group's auditors and are the amounts related to the respective years, i.e. on an accrual basis (excluding VAT).

The audit related fees include mainly fees related to the implementation of IFRS 9 and IFRS 17 and the audit procedures on the 2022 comparatives, as well as services in relation to prospectuses, internal control reports provided to external parties and reporting to regulators.

Auditor fees are included in 'External advisory fees' as part of the Other operating expense.

49 Subsequent and other events

Share buyback

In February 2024, NN Group announced that it will execute an open market share buyback programme for an amount of EUR 300 million. The programme will be executed within nine months and is anticipated to commence on 2 April 2024. NN Group intends to cancel any repurchased NN Group shares under the programmes unless used to cover obligations under share-based remuneration arrangements or to deliver stock dividend.

Tender offer subordinated notes and issuance perpetual securities

In March 2024, NN Group announced its invitation to holders of its EUR 750 million Fixed to Floating Rate Undated Subordinated Notes to tender their Notes for purchase by NN Group for cash at a price of 100.1% of the nominal amount. The final acceptance amount was EUR 287 million.

NN Group issued in March 2024 euro-denominated, perpetual, restricted Tier 1, temporary write-down subordinated notes for an amount of EUR 750 million. The subordinated notes are first callable as from 12 September 2030. The coupon is fixed at 6.375% per annum until 12 March 2031 and will be reset every fifth year thereafter. These subordinated notes are classified as equity under IFRS-EU. Coupon payments are distributed out of equity if and when paid or contractually due.

In March 2024, NN Group announced the redemption of the remaining outstanding amount of EUR 335 million of 4.625% Fixed to Floating Rate Subordinated Notes on their first call date, 8 April 2024.

50 Risk Management

This note explains details with regard to the risk profile of NN Group. For certain disclosures in the chapters 'Managing our risks' and 'Corporate Governance' of this Annual Report it is indicated in a footnote that those disclosures are an integral part of the Consolidated Annual Accounts and are in addition to the sections below part of the disclosures to which the audit opinion relates.

Topics described in this section include:

- Partial Internal Model (PIM) (including assumptions and limitations)
- Solvency Capital Requirement of NN Group
- Risk profile, risk mitigation of and risk measurement of the main types of risks: Market risk, Counterparty default risk, Liquidity risk and Non-market risk

1. Partial Internal Model (PIM)

The Solvency Capital Requirement (SCR) is calculated based on the actual NN Group risk exposure. Under Solvency II, the SCR is the capital required to ensure that the (re) insurance company will be able to meet its obligations over the next 12 months with a probability of at least 99.5%. The risk-based framework for calculating Solvency Capital Requirements at NN Group is a combination of an Internal Model (IM) and Standard Formula (SF) components, the so-called Partial Internal Model (PIM). The major Dutch insurance entities use an internal model for modelling SCR for Market, Counterparty default, Business risks, and Insurance risks. The determined SCR is used for both, local reporting and group consolidation purposes. For the EU-based international insurance businesses and smaller insurance undertakings in the Netherlands, NN Group uses the Solvency II Standard Formula to calculate the SCR for local reporting and for Group consolidation. The capital requirement for Operational risk is based on the Standard Formula approach across the Group.

The non-insurance businesses (e.g. Pension Funds, NN Bank) and international insurance undertakings not based in the EU (e.g. Japan, Turkey) are consolidated in the group SCR based on the local applicable (sectoral) capital requirements. The Solvency II concept of (provisional) Equivalence is granted to capital frameworks that are deemed to have similarity with the Solvency II framework and/or principles and as such can be relied-upon to assess capital requirements, at NN Group this applies to Japan. The total group SCR is obtained from the Internal Model and Standard Formula capital requirements using EIOPA's integration technique 3 and the capital requirements for non-insurance businesses and international insurance undertakings not based in the EU.

50 Risk Management continued

The choice for a Partial Internal Model is based on the conviction that an Internal Model in general better reflects the risk profile of the major Dutch (re) insurance entities and has additional benefits for risk management purposes, whilst the Standard Formula adequately captures the risk profile of the international businesses and smaller Dutch entities:

- An Internal Model approach can better reflect the specific assets and therefore the Market risk in the portfolio of Dutch businesses e.g., sovereign and other credit spread risks.
- The approach used for most significant Non-market risks within the Life businesses such as longevity (trend uncertainty) and expense risk and within the Non-Life business can be better tailored to NN Group's specific portfolio characteristics. Diversifications effects inherent to the business model can be captured in a more adequate way.
- The granularity of the PIM and close alignment of the modelling techniques and parameters to NN's risk management approach also means that it can support a wide range of business decisions.

2. Assumptions and limitations

2.1 Risk-free rate and Volatility Adjustment (VOLA):

The assumptions used to determine the risk-free curve are important, as this curve is used for discounting future cash flows and to calculate transfer value of liabilities. For determining valuation of liabilities on Solvency II balance sheet, NN Group uses the methodology prescribed by EIOPA for the risk-free rate including the Credit Risk Adjustment (CRA) and the Ultimate Forwards Rate (UFR). Where appropriate, the risk-free rate is adjusted with the Volatility Adjustment (VOLA) for the calculation of Own Funds.

2.2 Valuation assumptions – replicating portfolios:

For SCR calculations, NN Group uses replicating portfolio techniques to represent the insurance product-related cash flows, options and guarantees by means of standard financial instruments. The replications are used to determine and revalue insurance liabilities under a large number of Monte Carlo scenarios.

2.3 Diversification and correlation assumptions:

As for any integrated financial services provider offering a variety of products across different business segments and geographic regions, and investing into wide range of assets, diversification is key to NN Group's business model. The resulting diversification reflects the fact that not all potential worst-case losses are likely to materialise at the same time. The Internal Model takes diversification effects into account when aggregating required capitals for different risk types as well as at Group level. Diversification benefits result from diversification across regions, Business Units and risk categories.

Where possible, correlation parameters are derived through statistical analysis based on historical data. In case historical data or other portfolio-specific observations are insufficient or not available, correlations are set by expert judgement via an established, well-defined and controlled process. Similar to other risk models, correlations and expert judgements are also monitored for appropriateness given availability of more recent data, and are subject to regular development, validation and regulatory oversight. Based on these correlations, industry- standard aggregation approaches such as Gaussian copula and VaR–CoVaR approach are used to determine the dependency structure of quantifiable risks.

2.4 Model limitations

NN Group's Partial Internal Model (PIM) set-up resulted from managing a balancing between (1) an easy-to-communicate methodology and (2) efficient calculations with appropriate accuracy and granularity to reflect the underlying risks. Despite several limitations stemming from this, the PIM is considered to be adequate to assess NN Group's risk profile, to determine Solvency Capital Requirements and be used in key decision making processes (use test).

As a result of the granular modelling approach and the wide variety of NN Group's assets and liabilities, the PIM is more complex than the Standard Formula.

Inherent model limitations of the PIM are related to the calibration of 1-in-200-year stress event for a full spectrum of Market and Non-market risks, which are based on sometimes limited historical data. Limitations also relate to the overall aim of determining forward-looking distributions of risk factors under stress based on historical data as well as the use of modelling assumptions and expert judgements.

50 Risk Management continued

Risks that cannot be directly modelled in the same way as Market risk or Insurance risk, for example Strategic, Reputational and Model risks, and also Emerging risks are managed through qualitative risk assessments and in respective processes. In addition, and as part of the ORSA, NN Group holistically assesses its risk exposure to both quantifiable and non-quantifiable risks in order to outline mitigating actions as required.

The components of NN Group's PIM for Market and Counterparty default risk and the models for risk aggregation and replication have been developed and is run centrally, and thus carry an inherent risk that the developed models include aspects which might be less appropriate for individual entities. On a regular basis the Business Units perform 'Fit For Local Use' assessments. Models also undergo regular reviews and monitoring, under agreed governance, and in addition, model validations are performed by independent model validation team. Such reviews can result in additional monitoring and/or locally calculated and further centrally processed adjustments.

The Risk Management Function informs the Management Board and Supervisory Board on an annual basis on the performance of the Internal Model.

3. Solvency II 2020 review

On 22 September 2021, the European Commission (EC) published, as part of the Solvency II 2020 Review the proposed Level I texts (Directive) and insights in the upcoming Level II (Delegated Acts) regulations. In June 2022, the Council reached consensus on their view on the Solvency II 2020 review. This position is broadly similar to the EC proposals. The economic committee of the European Parliament (EP) reached consensus in July 2023 and the final vote in the European Parliament took place in September 2023. Compared to the EC, the position of the EP is more leaning to some of the positions of the insurance industry, for example, with respect to the cost of capital rate used for the valuation of the risk margin and the calibration of the risk correction which is relevant for the Volatility Adjustment (both in terms of balance sheet valuation and SCR). The EC proposal formed the basis for the political process, which has led to a compromise position as agreed by the trilogue parties on 13 December 2023.

Actual implementation of the changes is currently not expected before 2026. The details of the agreement are not fully known yet and some key aspects in the agreement will not be detailed out in Level I, but will be clarified later in the process (part of Level II). The trilogue compromise position forms the basis for the upcoming legislative process, which can take a long time and can lead to further changes.

4. Solvency Capital Requirement

4.1 Solvency II ratio of NN Group

The following table shows the NN Group Solvency II ratio as at 31 December 2023 and 31 December 2022, respectively.

Solvency II ratio of NN Group

	2023	2022 (Restated)
Eligible Own Funds	17,691	17,822
Solvency Capital Requirement	8,990	9,040
NN Group Solvency II ratio (Eligible Own Funds/SCR)	197%	197%

The SCR is based on NN Group's PIM. This comprises Internal Model calculation for all risks, except for Operational risk for NN Life, NN Non-life, NN Re and the main holding companies owned by NN Group N.V. and SF calculation for ABN AMRO Life and ABN AMRO Non-life, NN Insurance Services and the international insurance entities of NN Group in Europe. SCR for Operational risk is calculated using the Standard Formula for all Solvency II entities. The capital requirements of non- Solvency II entities, in particular NN Life Japan, Pension Funds, and NN Bank are calculated using local sectoral rules.

50 Risk Management continued

4.2 Solvency Capital Requirement

The following table shows the NN Group SCR as at 31 December 2023 and 31 December 2022, respectively.

Solvency Capital Requirements

	2023	2022 (Restated)
Market risk	6,602	6,724
Counterparty default risk	129	163
Non-market risk	4,773	5,070
Total BSCR (before diversification)	**11,504**	**11,957**
Diversification	-2,659	-3,065
Total BSCR (after diversification)	**8,845**	**8,892**
Operational risk	560	560
LACDT	-1,780	-1,867
Voluntary Prudency Margin	0	116
Other	4	-24
Solvency II entities SCR	**7,629**	**7,677**
Non Solvency II entities	1,361	1,363
Total SCR	**8,990**	**9,040**

The Solvency II total Basic Solvency Capital Requirement (total BSCR after diversification) includes both the PIM businesses' BSCR and the Standard Formula businesses' BSCR. This figure also reflects the diversification benefits between the Business Units using Internal Model and Standard Formula.

The general developments of the Basic SCR (BSCR):

- Lower Market risk SCR (mainly due to model refinements, partially offset by market movements, mostly interest rates)
- Lower Counterparty default risk SCR (various portfolio developments)
- Lower Non-market risk SCR (mainly driven by longevity reinsurance at NN Life, partially offset by model refinements and decrease in interest rates)
- Note that the Voluntary Prudency Margin at NN Group level is released along with Non-market risk SCR model refinements)

The breakdown of the Market and Non-market risk SCR in specific risk types and explanations for the most important changes in the risk profile and Basic Solvency Capital Requirement over the year 2023 are presented in the next sections.

SCR for Operational risk is stable. The offsetting effect of Loss Absorbing Capacity of Deferred Taxes (LACDT) decreased mainly due to a lower effective tax rate.

In the above table, 'Other' includes loss-absorbing capacity of technical provisions (LACTP) and capital for non-modelled Solvency II entities.

50 Risk Management continued

4.3 Solvency II ratio sensitivities

Along with the SCR, NN Group regularly calculates the sensitivities of the Solvency II ratio under various scenarios, by assessing the changes for both Eligible Own Funds and SCR. The Solvency II ratio sensitivities are primarily designed to support the NN Group Management Board and the Risk Management functions in having a forward-looking view on the risks to solvency of the company, and to analyse the impacts of market or other events. The sensitivities are selected to reflect plausible, realistic scenarios that could materialise within the foreseeable future and are not calibrated on a pre-defined confidence interval or time horizon.

The effect on the Solvency II ratio is calculated based on applying an instantaneous stress on the balance sheet, and on ceteris paribus basis. For all SII insurance entities, NN Life Japan and NN Bank, the after stress Own Funds are calculated for each of the sensitivity scenarios; the impacts on SCR are recalculated for the BSCR and Operational risk SCR components. LACDT is recalculated keeping the LACDT percentage fixed. ‘Other’ SCR components including the LACTP are kept constant.

The Solvency II sensitivities are disclosed for the main Market risks in the below sections.

Main types of risks

In the next sections the main risks associated with NN Group’s business are discussed. Each risk type is analysed through the risk profile, risk mitigation and risk measurement. For Market and Non-market risks more detailed quantification of risk exposures are provided.

5. Market risk

Market risk comprises the risks related to the impact of changes in various financial market indicators on NN Group’s balance sheet. Market risks are taken in pursuit of returns for the benefit of customers and shareholders. Accordingly, risk and return consideration and optimisation are paramount for both policyholder and shareholder. In general, Market risks are managed through a well-diversified portfolio under a number of relevant policies within clearly defined and monitored limits. NN Group reduces downside risk through various hedging programmes, in particular risks for which NN Group has no or only a limited appetite, such as Interest rate, Inflation, and Foreign exchange risks. NN Group also integrates Environmental, Social, and Governance (ESG) factors in the investment decision-making framework (see section Facts and Figures). Furthermore, climate change impact is becoming more relevant over time for so-called Transitional risk, where the value of NN Group’s asset investments may be impacted. This potential impact is currently in the process of being assessed.

In managing its assets, NN Group applies the prudent person principle, which means that NN Group only invest in assets and instruments whose risks NN Group properly identify, measure, monitor, manage, control and report and take into account in the assessment of the overall NN Group’s solvency needs. For new asset classes or asset classes of growing importance, NN Group continuously improves the relevant processes.

Market risk capital requirements

	2023	2022 (Restated)
Interest rate risk	898	440
Equity risk	2,457	2,436
Credit spread risk	3,340	3,332
Real estate risk	2,014	2,098
Foreign exchange risk	584	620
Inflation risk	216	270
Basis risk	53	58
Diversification market risk	-2,960	-2,530
Market risk	**6,602**	**6,724**

In 2023, the Market risk SCR decreased from EUR 6,724 million to EUR 6,602 million, mainly driven model refinements, partially offset by market movements, mostly interest rate. The increase of standalone Interest rate risk SCR due to portfolio developments is largely offset by higher diversification with other Market risks. Diversification within Market risk increased as Interest rate risk SCR became more dominant.

50 Risk Management continued

The table below sets out NN Group's market value of assets for each asset class as at the end of 2023 and 2022. The values in these tables may differ from those included in the consolidated IFRS balance sheet as derivatives are excluded from this overview and furthermore due to classification and valuation differences to reflect a risk management view.

Investment assets (Including NN Bank)

	Market value 2023	% of total 2023	Market value 2022 (Restated)	% of total 2022 (Restated)
Fixed income	**136,530**	**82%**	**139,893**	**83%**
Government bonds and loans	40,046	24%	42,276	25%
Financial bonds and loans	7,671	4%	8,125	5%
Corporate bonds and loans	23,308	14%	23,065	14%
Asset-backed securities	2,642	2%	3,225	2%
Mortgages[1]	61,729	37%	62,066	36%
Other retail loans	1,134	1%	1,136	1%
Non-fixed income	**20,448**	**12%**	**20,698**	**12%**
Common & preferred stock[2]	3,533	2%	3,654	2%
Private equity	138	0%	182	0%
Real estate[3]	12,007	7%	12,887	8%
Mutual funds (money market funds excluded)[4]	4,770	3%	3,975	2%
Money market instruments (money market funds included)[5]	**10,682**	**6%**	**9,295**	**5%**
Total investments	**167,660**	**100%**	**169,886**	**100%**

1 Mortgages originated by NN Bank are on amortised cost value. The mortgage value on the consolidated IFRS balance sheet differs from the value in the current table due to the acquisition premium of mortgages and the inclusion of mortgages underlying the mortgage structure vehicles.
2 All preference shares are included in 'common & preferred stock', even when preference shares are modelled as bonds.
3 The real estate values exclude the real estate forward commitments, since NN Group has no price risk related to them.
4 Fixed income mutual funds are included in mutual funds.
5 Money market mutual funds and commercial papers are included in the money market instruments.

Total investment assets have decreased to EUR 167,660 million at the end of 2023 from EUR 169,886 million at the end of 2022. The decrease is mainly due to the disposal of sovereign debt. Main developments in the NN Group risk profile in 2023 reflect the strategy of NN Group to maintain a relatively conservative investment portfolio to ensure a resilient balance sheet. Exposures in high yielding corporate bonds and mortgage loans are currently close to target.

5.1 Interest rate risk

Interest rate risk is defined as the possibility of decrease in the Solvency II Own Funds due to adverse changes in the level or shape of the risk-free interest rate curve used for valuation of assets and liability cash flows. Exposure to Interest rate risk arises from asset or liability positions that are sensitive to changes in this risk-free interest rate curve.

5.1.1 Risk profile

The Interest rate risk SCR of NN Group increased to EUR 898 million in 2023 from EUR 440 million in 2022. The increase is mainly driven by the portfolio developments. The increase of Interest rate risk SCR is the main driver of the increase of the diversification across Market risks.

50 Risk Management continued

5.1.2 Risk mitigation

The Interest rate SCR indicates to what extent interest rate sensitivities of assets and liabilities are matched on a Solvency II basis. The majority of NN Group liability cash flows are predictable and stable, since exposure to policyholder behaviour and profit-sharing mechanisms is very limited. Therefore, the interest rate risk management focuses on matching asset and liability cash flows for the durations for which the markets for fixed income instruments are sufficiently deep and liquid. NN Group manages its interest rate position by investing in long-term bonds and interest rate swaps. While staying overall duration matched, NN has reduced its exposure to normalisation (i.e. rising) of the interest rate curve after the last liquid point according to Solvency II regulation.

NN Group has implemented limits and tolerances for Interest rate risk exposures at NN Group level as well as for relevant Business Units to limit interest rate risk.

Mitigating solutions for new business and products, such as a development of defined contribution pension products in the Netherlands and a shift towards protection products in general, are continuously monitored and worked on.

5.1.3 Risk measurement

For the valuation of EUR-denominated asset cash flows, NN Group uses market swap curves. For the asset cash flows denominated in other currencies, the relevant swap or government curve is used for that specific currency.

For the purpose of valuation of the EUR-denominated liability cash flows NN Group uses a swap curve less Credit Risk Adjustment (CRA) plus VOLA in line with definitions under Solvency II. For the liability cash flows denominated in other currencies, the relevant swap or government curve is used where this curve is also lowered by the Credit Risk Adjustment and adding the VOLA specific for each currency. In line with Solvency II regulations, NN Group extrapolates the EUR swap curve starting from the Last Liquid Point (LLP) onwards to the Ultimate Forward Rate for each relevant currency in its portfolio. The LLP used for EUR is 20 years. As such, the SCR for Interest rate risk primarily depends on the level of cash flow matching between assets and liabilities up to the 20-year point, and the difference between the swap curve and the curve extrapolated to the UFR for longer cash flows.

The sensitivity of the Solvency II ratio to changes in interest rates is monitored on a quarterly basis. The table below presents the Eligible Own Funds, SCR, and Solvency II ratio sensitivities to various changes in interest rates.

Solvency II Ratio sensitivities for interest rate comprise the following set of shocks, each of them is calculated independently as a standalone scenario: a parallel up and a parallel down shifts of the discount curve, and a steepening scenario for the interest rates used to discount asset cash flows after the LLP.

Solvency II ratio sensitivities: Interest rate risk at 31 December 2023

	Own Funds impact	SCR impact	Solvency II ratio impact
Interest rate: Parallel shock +50 bps	-343	-224	1%
Interest rate: Parallel shock -50 bps	393	251	-1%
Interest rate: 10 bps steepening between 20y-30y	-151	-7	-2%

Solvency II ratio sensitivities: Interest rate risk at 31 December 2022 (Restated)

	Own Funds impact	SCR impact	Solvency II ratio impact
Interest rate: Parallel shock +50 bps	-219	-145	1%
Interest rate: Parallel shock -50 bps	290	224	-2%
Interest rate: 10 bps steepening between 20y-30y	-242	39	-4%

Changes in the Solvency II ratio sensitivities to interest rates are primarily driven by decreased interest rate levels in combination with the changes in the Interest rate risk profile. During 2023 NN took management actions to reduce the normalisation risk via several swap transactions. Please note that 2023 sensitivities on OF are in general more severe because of eligibility constraints on Tier 3 capital.

Under the parallel shock scenarios, the base risk-free interest rate curves for each currency are shocked by +/-50 bps for all tenors up until the LLP. The other components of the basic risk-free interest rate curve – namely UFR, Credit Risk Adjustment, VOLA and extrapolation technique towards UFR remain unchanged. The asset interest rate curves are shocked with the parallel shocks for all tenors.

50 Risk Management continued

In the interest rate steepening scenario, the EUR asset valuation curve is shocked after the LLP (the LLP for EUR is set at 20 years under Solvency II). The steepening is applied for interest rate curve tenors between 20 and 30 years (a linear increase from 0 to 10 bps of 1bp per tenor). After the 30 years point, the shift in the interest rate curve remains constant at 10bps. As the EIOPA risk-free curve is extrapolated after the LLP, the steepening sensitivity only affects the asset discount curve.

5.2 Equity risk

Equity risk is defined as the possibility of decrease Solvency II Own Funds due to adverse changes in the level of equity market prices. Exposure to Equity risk arises from direct or indirect asset or liability positions, including equity derivatives such as futures and options, that are sensitive to equity prices.

5.2.1 Risk profile

The table below sets out the market value of NN Group's equity assets as at the 31 December 2023 and 2022, respectively.

Equity assets

	2023	2022 (Restated)
Common & preferred stock	3,533	3,654
Private equity	138	182
Mutual funds (money market funds are excluded, fixed income mutual funds are included)	4,770	3,975
Total	**8,441**	**7,811**

NN Group is mainly exposed to public listed equity, and to a lesser extent to private equity funds and equity exposures through mutual funds. The direct equity exposure is spread mainly across the Netherlands (26% in 2023 compared with 32% in 2022) and remaining exposure in other countries, predominantly in core EU countries (50% in 2023 compared with 52% in 2022, including The Netherlands). Note that mutual funds are classified as equity in the table above but include also fixed income funds. Fixed income mutual funds represent 44% of the total mutual fund market value. Approximately 34% of NN Group's direct equities are invested in defensive sectors, which are less sensitive to economic downturn.

As shown in the 'Market risk capital requirements' table above, the Equity risk SCR of NN Group increased from EUR 2,436 million in 2022 to EUR 2,457 million in 2023 mainly driven by higher equity markets partially offset by sales.

5.2.2 Risk mitigation

Exposure to equities provides additional diversification and upside return potential in the asset portfolio of an insurance company with long- term illiquid liabilities. The Concentration risk on individual issuers is mitigated by having issuer risk limits in place in investment mandates as well as at NN Group level. There is no natural hedge for Equity risk on the liability side of the balance sheet. NN Group has the possibility to protect the downside risk of the equity portfolio by selling equity or buying put options.

5.2.3 Risk measurement

The sensitivity of the Solvency II ratio to changes in the value of equity is monitored on a quarterly basis. This scenario estimates the impact of an instantaneous shock of -25% applied to the value of direct equity and equity mutual funds. Derivatives like equity options or equity forwards which have equity as underlying are also revalued using the same shock applied to the underlying equities or equity indices.

50 Risk Management continued

The table below presents the Eligible Own Funds, SCR and Solvency II ratio sensitivity to a downward shock in equity prices at 31 December 2023 and 2022.

Solvency II ratio sensitivities: Equity risk (2023)

	Own Funds impact	SCR impact	Solvency II ratio impact
Equity Downward shock -25%	-1,604	-299	-12%

Solvency II ratio sensitivities: Equity risk (2022) (Restated)

	Own Funds impact	SCR impact	Solvency II ratio impact
Equity Downward shock -25%	-1,464	-326	-9%

Please note that 2023 sensitivities on OF are in general more severe because of eligibility constraints on Tier 3 capital.

5.3 Credit spread risk

Credit spread risk is defined as the possibility of a decrease in Solvency II Own Funds due to adverse movements in the credit spreads of fixed income assets. The credit spread widening (or narrowing) reflects market supply and demand, rating migration of the issuer and changes in expectation of default. Changes in liquidity and other risk premiums that are relevant to specific assets can play a role in the value changes as well.

In the calculation of the SCR for the Partial Internal Model entities, NN Group assumes no change to the VOLA on the liability side of the balance sheet after a shock-event, but instead reflects the illiquidity of liabilities in the asset shocks to ensure appropriate Solvency Capital Requirements. This approach ensures appropriate risk incentives and is approved by DNB. NN Group also shocks all government bonds and its mortgage portfolio in the calculation of Credit spread risk capital requirements for the Partial Internal Model entities.

The main asset classes in scope of the Credit spread risk module for Partial Internal Model entities are government and corporate bonds, mortgages and loans.

For the calculation of the SCR for Credit spread risk of the Standard Formula insurance entities, the main asset classes in scope are corporate bonds and loans.

5.3.1 Risk profile

As shown in the ‘Market risk capital requirements’ table, the Credit spread risk SCR of NN Group remained stable from EUR 3,332 million in 2022 to EUR 3,340 million in 2023, driven by market movements mostly interest rates, offset by portfolio development.

50 Risk Management continued

The table below sets out the market value of NN Group's bonds and loans subject to Credit spread risk SCR by type of issuer as at 31 December 2023 and 31 December 2022, respectively.

Fixed-income bonds and loans by type of issuer

	Market value		Percentage	
	2023	2022 (Restated)	2023	2022 (Restated)
Sovereign	40,046	42,275	54%	55%
Manufacturing	6,560	6,432	9%	8%
Finance and Insurance	7,671	8,125	11%	11%
Asset-backed securities	2,642	3,225	4%	4%
Utilities	2,585	2,463	4%	3%
Transportation and Warehousing	2,114	2,261	3%	3%
Information	1,778	1,841	2%	3%
Real Estate and Rental and Leasing	1,800	2,146	2%	2%
Other	8,471	7,923	11%	11%
Total	**73,667**	**76,691**	**100%**	**100%**

Market value sovereign exposures (2023)

The tables below set out the market value of NN Group's government bonds and loans subject to Credit spread risk SCR by country and maturity as at 31 December 2023 and 31 December 2022, respectively.

			Market value of government bond and loans in 2023 by number of years to maturity[4]								
	Rating[1]	Domestic exposure[2]	0-1	1-2	2-3	3-5	5-10	10-20	20-30	30+	Total 2023
Japan	A+	100%	413	418	305	681	1,665	1,913	1,594	654	7,643
France	AA	0%	55	24	79	46	307	1,413	353	3,135	5,412
Germany	AAA	0%	316	18	96	418	501	1,647	607	209	3,812
Belgium	AA-	28%	11	11	62	335	135	1,741	1,052	622	3,969
Netherlands	AAA	99%	2	95	11	247	328	2,280	158	244	3,365
Austria	AA+	0%	11	0	168	241	1	145	495	1,134	2,195
Spain	A-	29%	109	101	46	74	428	1,176	512	76	2,522
United States	AA+	0%	0	0	0	0	0	208	1,432	0	1,640
Multilateral[3]	AAA	0%	63	11	133	66	327	872	593	22	2,087
Finland	AA+	0%	4	143	3	66	1	712	50	0	979
Italy	BBB	0%	17	9	4	133	395	177	250	33	1,018
Other[5] – Above Investment Grade			315	268	178	462	1,461	1,267	696	69	4,716
Other[5] – Below Investment Grade			0	0	3	113	410	125	37	0	688
Total			**1,316**	**1,098**	**1,088**	**2,882**	**5,959**	**13,676**	**7,829**	**6,198**	**40,046**

1. NN Group uses the second-best rating across Fitch, Moody's and S&P to determine the credit rating label of its bonds.
2. Percentage of the bonds held in the local unit, e.g., percentage of Dutch bonds held by entities registered in the Netherlands.
3. Includes EIB, ECB, EFSF, EU and ESM.
4. Based on legal maturity date.
5. Investment Grade reflects a rating of BBB- or higher; Below Investment Grade reflects a rating below BBB-.

50 Risk Management continued

Market value sovereign exposures (2022) (Restated)

			Market value of government bond and loans in 2022 by number of years to maturity[4]								
	Rating[1]	Domestic exposure[2]	0-1	1-2	2-3	3-5	5-10	10-20	20-30	30+	Total 2022
Japan	A+	100%	790	460	468	727	1,909	2,190	1,626	676	8,846
France	AA	0%	76	25	28	123	253	1,886	676	2,926	5,993
Germany	AAA	0%	49	326	18	187	1,301	2,043	344	207	4,475
Belgium	AA-	25%	31	5	11	71	453	1,951	949	609	4,080
Netherlands	AAA	99%	551		142	16	418	2,427	47	9	3,610
Austria	AA+	0%	6	171		512	3	307	582	1,030	2,611
Spain	A-	27%		74	104	65	600	1,140	463	60	2,506
United States	AAA	0%			1			223	1,498		1,722
Multilateral[3]	AAA	0%	18	63	5	156	275	772	315	21	1,625
Finland	AA+	0%	7		146	3	65	611	170		1,002
Italy	BBB	0%	71	16	14	131	467	229	40	27	995
Other[5] – Above Investment Grade			275	294	300	560	1,467	616	526	45	4,083
Other[5] – Below Investment Grade			137	43	64	146	171	145	22		728
Total			**2,011**	**1,477**	**1,301**	**2,697**	**7,382**	**14,540**	**7,258**	**5,610**	**42,276**

1 NN Group uses the second-best rating across Fitch, Moody's and S&P to determine the credit rating label of its bonds.
2 Percentage of the bonds held in the local unit, e.g., percentage of Dutch bonds held by entities registered in the Netherlands.
3 Includes EIB, ECB, EFSF, EU and ESM.
4 Based on legal maturity date.
5 Investment Grade reflects a rating of BBB or higher; Below Investment Grade reflects a rating below BBB.

48% (or EUR 20 billion) of NN Group total sovereign debt exposure is invested in AAA and AA rated eurozone countries in 2023 as compared to 52% in 2022. Of the EUR 20 billion core eurozone government bonds and loans held by NN Group, 81% will mature after year 10 and 41% after year 20 in 2023 while those for 2022 were EUR 22 billion, 76% and 35% respectively. With regard to Central and Eastern Europe, the government bond exposures are mainly domestically held. In the Partial Internal Model, all government bonds contribute to Credit spread risk, including those rated AAA. The tables below show the market value of non-government fixed-income securities (excluding mortgages and derivatives) by rating and maturity.

50 Risk Management continued

Market value non-government bond securities and loans (2023)

	Market value of non-government bond securities and loans in 2023 by number of years to maturity								
	0-1	1-2	2-3	3-5	5-10	10-20	20-30	30+	Total 2023
AAA	216	320	219	235	291	922	909	1,320	4,432
AA	108	186	253	508	507	306	114	101	2,083
A	1,014	1,117	1,357	2,033	3,241	1,246	930	159	11,097
BBB	1,834	1,206	1,390	1,838	3,246	1,397	631	69	11,611
BB	264	370	449	881	598	55	25		2,642
B and below	89	121	384	387	213	8			1,202
No rating available	206	41	31	179	82	14		1	554
Total	**3,731**	**3,361**	**4,083**	**6,061**	**8,178**	**3,948**	**2,609**	**1,650**	**33,621**

Market value non-government bond securities and loans (2022) (Restated)

	Market value of non-government bond securities and loans in 2022 by number of years to maturity								
	0-1	1-2	2-3	3-5	5-10	10-20	20-30	30+	Total 2022
AAA	150	231	307	424	279	996	1,070	1,597	5,054
AA	267	115	190	587	449	271	174	128	2,181
A	1,095	1,104	1,294	2,174	3,055	1,051	718	498	10,989
BBB	1,288	2,053	1,176	2,338	2,903	1,481	693	84	12,016
BB	317	192	417	660	937	21	49		2,593
B and below	57	118	198	449	234	12			1,068
No rating available	208	72	5	116	81		3	29	514
Total	**3,382**	**3,885**	**3,587**	**6,748**	**7,938**	**3,832**	**2,707**	**2,336**	**34,415**

The table below shows NN Group's holdings of loans and other debt securities as at 31 December 2023 and 31 December 2022, respectively.

Market value all loans and other debt securities (per credit rating)

	2023	2022 (Restated)
AAA	13,259	16,054
AA	18,144	17,675
A	22,860	23,430
BBB	14,200	14,547
BB	3,233	3,217
B and below	1,417	1,254
No rating available	439	377
Mortgages[1]	61,729	62,066
Other Retail Loans	1,249	1,273
Total	**136,530**	**139,893**

1 Mortgages refer to all mortgages using the same criteria and is aligned with the Mortgages figure in Investment assets above.

5.3.2 Mortgages

The required capital for mortgages within entities under the Partial Internal Model is calculated in the credit spread risk module while the required capital for mortgages within entities under Standard Formula is calculated in the counterparty default risk module. The credit spread risk module within the Partial Internal Model captures the behaviour of Own Funds when the valuation of mortgages changes with market mortgage rates, while the counterparty default risk module within Standard Formula captures the behaviour of Own Funds as a result of unexpected loss or default of mortgages.

50 Risk Management continued

The Loan-to-Value (LTV) values for NN Bank originated residential mortgages (which is based on the net average loan to property indexed value and are exposure-weighted) at NN Life, the Banking business, NN Non-life and NN Belgium stood at 55%, 57%, 61%, and 56% respectively at the end of 2023 while those were 53%, 53%, 59% and 54% respectively at the end of December 2022. The migration towards higher LTV buckets is due to the house price decrease between the third quarter of 2022 and the third quarter of 2023 (4.6% (fourth quarter figures are unavailable at year-end, figures based on CBS)). Although house prices decreased in 2023, the portfolio remains well-collateralised with an average LTV for NN Group of 57% in 2023 (54% in 2022).

The inherent credit risk of mortgages is backed primarily by means of the underlying property, but also through the inclusion of mortgages guaranteed by the Nationale Hypotheek Garantie (NHG) and other secondary covers like savings, investments and life insurance policies. NN Bank originated mortgages with NHG accounted for 23%, 32%, 17% and 27% at NN Life, the Banking business, NN Non-life, and NN Belgium respectively at the end of 2023 and 24%, 31%, 18% and 28% at NN Life, the Banking business, NN Non-life and NN Belgium respectively at the end of 2022. On portfolio level the NHG coverage showed no significant changes.

Loan-to-Value on mortgage loans[1]

	2023	2022 (Restated)
NHG	27%	27%
LtV <= 80%	66%	69%
LtV 80% - 90%	4%	3%
LtV 90% - 100%	2%	1%
LtV > 100%	1%	
Total NN Group	100%	100%

1. Risk figures and parameters do not include third party originated mortgages and collateralised mortgages although they are on the balance sheet of NN Group.

The mortgage portfolio is under regular review to ensure troubled assets are identified early and managed properly. A loan is classified as a non-performing loan (NPL) if the loan is 90 days past due, or the client was in default the previous month, and the minimum holding period (MHP) is active or the loan is classified as Unlikely To Pay (UTP) by the problem loans department.

The main criterion for lifting the default status will be that no arrears greater than EUR 250 occurred during the Minimum Holding Period (MHP). For defaulted clients that are classified as ‘distressed restructuring’, the MHP is 12 months. For all other defaulted clients, the MHP is 3 months.

The impact of the recent geopolitical developments and increasing inflation on the creditworthiness of the portfolio were limited so far, as a result percentage of non-performing loans showed no significant changes in 2023. The provision decreased by EUR 1.5 million to EUR 7.4 million due to an update in the provisioning model. Secondly, the management overlay related to increasing interest rates and high inflation decreased by EUR 0.2 million to EUR 2.0 million as inflation and interest rates are stabilizing. The decrease in provision was partly offset by the house price decrease and the fact that from this year the provision calculation is based on IFRS9 regulations instead of IAS39. The main change is that a lifetime provision is calculated for past due and non-performing loans.

The net exposure slightly increased after deduction of capped collaterals and guarantees, because of a decrease in the house price. The NHG guarantee value remained stable.

50 Risk Management continued

Credit quality: NN Group mortgage portfolio, outstanding[1,2,5]

	Life business		Banking		Other[4]	
	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022 (Restated)
Performing mortgage loans that are not past due	25,914	26,316	21,887	21,117	4,876	5,255
Performing mortgage loans that are past due	119	111	161	127	26	18
Non-performing mortgage loans[5]	79	85	99	99	13	13
Total	**26,112**	**26,512**	**22,147**	**21,343**	**4,915**	**5,286**
Provisions for performing mortgage loans	2	1	2	2		1
Provisions for non-performing mortgage loans	2	4	1	1		
Total	**4**	**5**	**3**	**3**		**1**

1 The total value for Mortgages is different in this table vs. Investment Assets Table because of exclusion of mortgage not originated by NN Bank of EUR 8,554 million in 2023 (2022: EUR 7,318 million).
2 Amounts are excluding partial transfer of mortgages and DRMF.
3 'Other' column includes numbers for the Non-life entities, Belgium business and other small entities.
4 The non-performing loans include 'unlikely to pay' mortgage loans, which may not be past due.
5 From 2022 the carrying value includes the accrued interest, past due amount, and deduction of construction deposits.
6 In 2023 the calculation of provisions is based on IFRS9 regulations. Figures from 2022 remain based on IAS39 regulation.

7 Collateral on mortgage loans[1,5]

	Life business		Banking		Other[3]	
	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022 (Restated)
Carrying value	26,113	26,512	22,147	21,343	4,915	5,286
Indexed collateral value of real estate	55,531	58,286	45,931	47,885	9,487	10,717
Savings held[4]	1,134	1,144	1,481	1,462	77	76
NHG guarantee value[5]	5,300	5,600	5,853	5,518	1,026	1,117
Total cover value + including NHG guarantee capped at carrying value[6]	26,100	26,500	22,138	21,335	4,913	5,285
Net exposure	**13**	**12**	**9**	**8**	**2**	**1**

1 The total value for Mortgages is different in this table vs. Investment Assets Table because of exclusion of mortgage not originated by NN Bank of EUR 8,554 million in 2023 (2022: EUR 7,318 million).
2 Amounts are excluding partial transfer of mortgages and DRMF.
3 'Other' column includes numbers for the Non-life entities, Belgium business and other small entities.
4 The NHG guarantee value follows an annuity scheme and is corrected for the 10% own risk (on the granted NHG claim).
5 From 2022 the carrying value includes the accrued interest, past due amount, and deduction of construction deposits.
6 Savings held includes life policies.

5.3.3 Risk mitigation

NN Group has concentration risk limits for individual issuers which depend on the credit quality of the issuer; for individual asset classes; and country limits which depend on the country's credit rating and GDP, and whether the country is a member of the European Union. These limits ensure that large risk concentrations are avoided. In order to diversify the credit spread risk further, NN Group has increased its investments in non-listed assets. In addition, NN Group's mortgages are subject to strict underwriting criteria and are well collateralised.

50 Risk Management continued

5.3.4 Risk measurement

The sensitivity of the Solvency II ratio to changes in credit spreads is monitored on a quarterly basis. The table below presents the Eligible Own Funds, SCR and Solvency II ratio sensitivities to various changes in credit spreads.

Solvency II ratio sensitivities: Credit spread risk at 31 December 2023

	Own Funds impact	SCR impact	Solvency II ratio impact
Credit spread: Parallel shock for AAA-rated government bonds +50 bps	-397	-4	-4%
Credit spread: Parallel shock for AA and lower-rated government bonds +50 bps	-738	-37	-7%
Credit spread: Parallel shock spreads corporates +50 bps	371	-63	6%
Credit spread: Parallel shock spreads mortgages +50 bps	-1,128	-29	-12%

Solvency II ratio sensitivities: Credit spread risk at 31 December 2022 (Restated)

	Own Funds impact	SCR impact	Solvency II ratio impact
Credit spread: Parallel shock for AAA-rated government bonds +50 bps	-343	43	-5%
Credit spread: Parallel shock for AA and lower-rated government bonds +50 bps	-417	64	-6%
Credit spread: Parallel shock spreads corporates +50 bps	291	-111	6%
Credit spread: Parallel shock spreads mortgages +50 bps	-880	22	-10%

Please note that 2023 sensitivities on OF are in general more severe because of eligibility constraints on Tier 3 capital.

NN Group has exposure to government, corporate and financial debt and is exposed to spread changes for these instruments. Furthermore, the VOLA in the valuation of liabilities introduces an offset to the valuation changes on the asset side (except for mortgages).

The Solvency II sensitivities for spread changes cover four possible scenarios – spread widening for AAA rated government bonds, spread widening for non-AAA rated government bonds, spread widening for corporates and spread widening for mortgages. For all scenarios, a parallel widening of the respective spread curves of +50bps is assumed. There is a corresponding translation of the spread widening on asset valuations on the VOLA according to EIOPA's reference portfolio in each of the scenarios.

Government bond shocks are applied to the following asset classes: government bonds and loans, government-linked instruments (sub- sovereigns and supranational). Corporate spread shocks are applied to the following asset classes: corporate bonds (financials and non-financials), covered bonds, subordinated bonds, asset-backed securities and loans. Mortgages are subject to spread shocks in a separate scenario.

NN Group's sensitivity to credit spread changes is mainly driven by the difference between NN Group's investment portfolio and the EIOPA reference portfolio. The reference portfolio represents the weights of an average European insurers' portfolio to different fixed income assets and is used to determine the level of the VOLA to be applied for the valuation of liabilities. Asset spread changes impact the level of the VOLA and therefore also the valuation of liabilities, and thus provide an offset to asset valuation changes. NN Group is exposed to widening in government bond spreads due to a higher exposure to well rated government debt compared with the reference portfolio. At the same time, the exposure to widening of credit spreads on corporate bonds has a positive impact on the ratio due to a lower exposure of NN Group to these asset classes compared with the reference portfolio. Mortgages spread widening has a negative impact on the Solvency II ratio, as mortgages are not part of the reference portfolio.

5.4 Real estate risk

Real estate risk is defined as the possibility of decrease in Solvency II Own Funds due to adverse changes in the value of real estate. Exposure to Real estate risk arises mainly from holding direct real estate properties or positions in real estate mutual funds. With the long- term nature of the liabilities of NN Group, illiquid assets such as real estate play an important role in the asset allocation.

50 Risk Management continued

5.4.1 Risk profile

NN Group's real estate exposure (excluding forward commitments) decreased mainly as a result of negative revaluations, from EUR 12,887 million at the end of 2022 to EUR 12,007 million at the end of 2023. The real estate exposure is mainly present in the portfolios of NN Life, NN Non-life and NN Belgium Life.

NN Group has various categories of real estate: investments in real estate funds and joint-ventures, real estate directly owned and investments in buildings occupied by NN Group. Several of the real estate funds, in which NN Group participates, include leverage and therefore the actual real estate exposure is larger than NN Group's value of participation in real estate funds. The real estate portfolio is held for the long-term and is illiquid. Furthermore, there are no hedge instruments available in the market to effectively reduce the impact of market volatility.

Rental income is increasing largely in line with inflation and occupancy rates in 2023 are high at 95%. Indexation of prices has kept up with inflation in a large portion of NN Group's portfolio, but is capped in some (sub)sectors such as the residential sector. Real estate valuations, because of the evidencing that is required, have a lag to market developments and tend to show prolonged negative movement in case of economic downturn. As such, continued pressure on real estate valuations is expected in 2024.

The table below sets out NN Group's real estate exposure per region as at 31 December 2023 and 2022, respectively.

Real estate assets per region

	2023	2022 (Restated)
Western Europe	56%	58%
Southern Europe	18%	18%
Nordics	10%	8%
Central and Eastern Europe	5%	5%
UK and Ireland	11%	11%
Total	**100%**	**100%**

The real estate portfolio is well-diversified across sectors and geographies Real estate exposure is mainly from Western European countries. Main underlying types are residential real estate (43%) and industrial real estate (28%). Retail and office real estate represents respectively 17% and 8% of NN total real estate exposure.

As shown in the 'Market risk capital requirements' table, the Real estate risk SCR of NN Group decreased from EUR 2,098 million in 2022 to EUR 2,014 million in 2023 primarily due to real estate revaluations and portfolio development.

5.4.2 Risk mitigation

Exposure to real estate provides for additional diversification for the asset portfolio. The Concentration risk on individual assets is limited under the relevant investment mandates. Real estate portfolio is also well diversified across European countries and sectors.

5.4.3 Risk measurement

The sensitivity of the Solvency II ratio to changes in the value of real estate is monitored on a quarterly basis. This scenario estimates the impact of an instantaneous shock of -10% to the value of direct real estate exposures and real estate within mutual funds.

50 Risk Management continued

The table below presents the Eligible Own Funds, SCR and Solvency II ratio sensitivity to a downward shock in the value of real estate at 31 December 2023 and 2022.

Solvency II ratio sensitivities: Real estate risk

	Own Funds impact		SCR impact		Solvency II ratio impact	
	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022 (Restated)
Real estate Downward shock -10%	-1,199	-1,057	-68	-78	-12%	-10%

Solvency II ratio sensitivity to changes in the value of real estate increased mainly due to eligibility constraints on Tier 3 capital.

5.5 Foreign exchange risk

Foreign exchange (FX) risk measures the negative impact on Solvency II Own Funds related to changes in currency exchange rates.

5.5.1 Risk profile

FX transaction risk can occur on a local entity level, while FX translation risk can occur when non-Euro entities are consolidated at the level of NN Group and show a risk in regard to NN Group's reporting currency, the Euro.

The SCR for Foreign exchange risk decreased from EUR 620 million in 2022 to EUR 584 million in 2023. This is mainly due to portfolio development.

5.5.2 Risk mitigation

The FX risk at the local entity level is mitigated by limiting investment to the non-local currency assets or by hedging through FX forwards and cross currency swaps.

5.6 Inflation risk

Inflation risk is defined as the risk of adverse changes in inflation that result into a decrease in Solvency II Own Funds. Inflation risk is calculated for the Dutch entities applying the Partial Internal Model for the SCR calculation.

5.6.1 Risk profile

The SCR for Inflation risk decreased to EUR 216 million from EUR 270 million at the end of 2022. The decrease is primarily driven by decrease in inflation. Inflation risk is limited and hedged to a large extent with inflation-linked swaps or bonds, which are exposed to lower inflation rates.

5.6.2 Risk mitigation

The Inflation risk is managed through the use of inflation swaps and investments in inflation bonds. In particular, the exposure to inflation linked liabilities is limited and hedged.

5.7 Basis risk

The SCR Basis risk is defined as a risk that the underlying asset or liability behaves differently than the underlying hedge instrument, which results in the loss in the Solvency II balance sheet.

5.7.1 Risk profile

The SCR for Basis risk decreased from EUR 58 million in 2022 to EUR 53 million in 2023, mostly due to a decrease in the hedge equity exposure within the separate account business in the Netherlands.

5.7.2 Risk mitigation

The Basis risk is mitigated by fund mapping of the underlying funds to risk factors, and also by constant monitoring of the fund performance compared to the benchmark.

5.8 Concentration risk

For the Standard Formula entities there is an additional SCR for Concentration risk calculated under Standard Formula, which is defined as the risk of loss in the Basic Own Funds as a result of the default of an issuer in which NN Group has a concentrated investment position.

5.8.1 Risk profile

The SCR for Concentration risk remained at nil in 2023.

50 Risk Management continued

5.8.2 Risk mitigation

This Concentration risk is mitigated by Concentration risk limits aiming to have a well-diversified portfolio with Credit risk concentrations in any particular issuer within the NN Group risk appetite.

5.9 Market risks within separate account businesses

The separate account businesses are those in which the policyholder bears the majority of the Market and Credit risk. NN Group's earnings from the separate account businesses are primarily driven by fee income. However, in the case of variable annuities and the guaranteed separate account pension business in the Netherlands, NN Group retains risk associated with the guarantees provided to its policyholders. Businesses in this separate account category are (i) the group pension business in the Netherlands for which guarantees are provided and (ii) other separate account business, primarily the unit-linked business and variable annuities (VA).

5.9.1 Separate account guaranteed group pension business in NN Life

Risk profile

In the Dutch separate account guaranteed group pension portfolio, investments are held in separate accounts on behalf of the sponsor employer who concluded their contract with a Business Unit of NN Group. Regardless of actual returns on these investments, pension benefits for the beneficiaries are guaranteed under the contract. The value of the provided guarantee is sensitive to interest rates, movements in the underlying funds and the volatility of those funds.

The Assets under management for NN Life's portfolio remained unchanged at EUR 2.4 billion between 31 December 2022 and 31 December 2023. In general, the materiality of the separate account business within NN Group has reduced in the past few years due to the run-off of the portfolio.

Risk mitigation

NN Group currently hedges the value of the guarantees it provided under group pension contracts in the Netherlands. For the purpose of hedging, the exposure under such guarantees is discounted at the swap curve without the extrapolation to the UFR. The hedge programme includes interest rate swaps and equity futures. Upon contract renewal, NN Group offers policyholders defined contribution products with investments in portfolios that NN Group can more easily hedge, thus reducing the risk to NN Group.

5.9.2 Other separate account businesses

Risk profile

The other separate account business primarily consists of unit-linked insurance policies and variable annuity (VA) portfolios. Unit-linked insurance policies provide policyholders with selected fund returns combined with an insurance cover. The Investment risk is borne by the policyholder, although there are some unit-linked products where NN Group has provided guarantees on the performance of specific underlying funds. Unit-linked products without guarantees do not expose NN Group to Market risk, except to the extent that the present value of future fees is affected by market movements of the underlying policyholder funds. The variable annuities in the VA Japan and VA Europe business consist of guaranteed minimum accumulation benefit products, guaranteed minimum death benefit products and guaranteed minimum withdrawal benefit products.

Risk mitigation

The Market risks of the unit-linked and other separate account business are managed by the design of the product. Currently, NN Group does not hedge the Market risks related to the present value of future fee income derived from this business (except for the Japanese VA business). For the Japanese and European VA business NN Group has hedging programmes for the guaranteed benefits in place targeting Equity, Interest rate, Credit spread, and FX risk as well as Volatility risk.

Risk measurement

NN Group determines Eligible Own Funds for the Market and Credit risks of the separate account business through modelling the risks of the fee income and the guarantees including the impact of the hedge programmes.

6. Counterparty default risk

Counterparty default risk is the risk of loss due to default or deterioration in the credit standing of the counterparties and debtors (including reinsurers) of NN Group. The SCR for Counterparty default risk is primarily based on the issuer's probability of default (PD) and the loss-given- default (LGD) of each individual position taking into account diversification across these positions.

The Counterparty default risk module also covers any Credit risk exposures which are not covered in the Credit spread risk sub-module.

50 Risk Management continued

6.1 Risk profile

As shown in the 'Solvency Capital Requirements' table above, the Counterparty default risk SCR of NN Group decreased from EUR 163 million at the end of 2022 to EUR 129 million at the end of 2023, driven primarily by portfolio developments. In the Partial Internal Model the mortgages do not get the capital charge under the Counterparty default risk and are under Credit spread risk SCR sub module for these Business Units.

6.2 Risk mitigation

NN Group uses different Credit risk mitigation techniques. For over the counter derivatives, the exchange of collateral under the International Swaps and Derivatives Associations contracts accompanied with Credit Support Annexes is an important example of risk mitigation. Other forms of Credit risk mitigation include reinsurance collateral exchange. For cash and money market funds, limits per counterparty are put in place.

6.3 Risk measurement

The Counterparty default risk (CDR) module comprises two sub-modules:

- CDR Type I: applicable to exposures which might not be diversified and where the counterparty is likely to be (externally) rated, e.g., reinsurance contracts, derivatives and money market exposures. The underlying model is the Ter Berg model (which was also the basis for Standard Formula calibration under Solvency II).
- CDR Type II: applicable to exposures that are usually (well) diversified and where the counterparty is likely to be unrated, like retail loans, but also other forms of term lending not covered in Type I.

The capital charges for CDR Type I and CDR Type II exposures are calculated separately and subsequently aggregated.

6.4 Counterparty default risk in insurance contracts

As of 1 January 2023, NN Group implemented IFRS 17 'Insurance Contracts'. IFRS 17 introduces, among others, additional disclosures related to risk management. Whereas most of these are covered in the relevant sections of this Annual Report, the table below outlines counterparty default risk arising from insurance and reinsurance contracts. For more information regarding IFRS 17 see section Our performance and Note 13 'Insurance contracts'.

Counterparty Default Risk exposures[1] arising from insurance and reinsurance contracts at 31 December 2023

2023	Insurance contracts[2]	Reinsurance held as Assets[3]	Reinsurance held as Liabilities[3]	Reinsurance Total[3]
AA		714	-343	371
A	49	221	34	255
BBB		32	-27	5
No rating available	1,106	27	12	39

1 Maximum exposure given on Solvency II Standard Formula basis. Standard Formula basis is used due to the fact that Standard Formula rating is more conservative. Intercompany exposure is excluded.
2 Insurance contracts exposure is related to receivables from policyholders, brokers, and tied agents as well as policyholder loans.
3 Reinsurance exposure is related to, among others, reinsurance recoverables, receivables from and payables to (external) reinsurers.

Counterparty Default Risk exposures[1] arising from insurance and reinsurance contracts at 31 December 2022 (Restated)

2022 (Restated)	Insurance contracts[2]	Reinsurance held as Assets[3]	Reinsurance held as Liabilities[3]	Reinsurance Total[3]
AA		325	31	356
A	35	263	1	264
BBB		10		10
No rating available	1,140	20		20

1 Maximum exposure given on Solvency II Standard Formula basis. Standard Formula basis is used due to the fact that Standard Formula rating is more conservative. Intercompany exposure is excluded.
2 Insurance contracts exposure is related to receivables from policyholders, brokers, and tied agents as well as policyholder loans.
3 Reinsurance exposure is related to, among others, reinsurance recoverables, receivables from and payables to (external) reinsurers.

50 Risk Management continued

7. Liquidity risk

Liquidity risk is the risk that one of NN Group's entities does not have sufficient liquid assets to meet its financial obligations when they become due and payable, at reasonable cost and in a timely manner. Liquidity in this context is the availability of funds, or certainty that funds will be available without significant losses, to honour all commitments when due. NN Group manages Liquidity risk via a Liquidity risk framework, ensuring that – even after shock – NN Group's businesses can meet immediate obligations. Liquidity stress events can be caused by a market-wide event or an idiosyncratic NN Group specific event. These events can be short-term or long-term and can both occur on a local, regional or global scale, both through cash flows related to assets and liabilities.

Subsidiaries that trade derivatives are responsible for maintaining sufficient liquidity levels to meet their collateral requirements. For this purpose, liquidity buffers are set to ensure sufficient liquidity is available in an adverse scenario and to ensure the liquidity thresholds are being met.

7.1 Risk profile

Liquidity risk covers three areas of attention. Funding liquidity risk is the risk that liquid funds are unavailable to meet financial obligations when due. Market liquidity risk, is the risk that an asset cannot be sold on short-term without significant losses. Funding risk is the risk related to not being able to refinance maturing debt instruments and may lead to higher funding costs. The connection between Market and Funding liquidity risk stems from the fact that when payments are due and not enough cash is available, investment positions need to be converted into cash. If market liquidity is low or an adverse market movement took place in this situation, this could lead to a loss.

In 2023, liquidity risk has increased due to the rise in interest rates, leading to additional collateral requirements on NN Group's interest rate derivatives portfolio. In case of a significant increase of interest rates, NN Group is exposed to the risk of having to sell assets which contribute to capital generation or to the hedging of liability cash flows. NN Group has a robust liquidity risk management framework in place to manage this risk. A minimum buffer of immediately available liquidity (cash and committed facilities) is maintained. Repurchase agreements (repos), Group cash capital and the Revolving Credit Facility at Group can further support the liquidity position if needed.

A liquidity event on the liability side, resulting from e.g. payments related to increased lapses or claims, leads to a liquidity outflow which may affect the overall liquidity position of NN Group. This outflow typically occurs over a period of time. NN Group's liquidity metrics demonstrate that NN has sufficient cash and unencumbered liquid assets which can be liquidated to fulfill stressed liquidity needs from liabilities in a combined market and liability stress scenario. Selling liquid assets in the case of a lapse event is considered to be a logical consequence since the balance sheet decreases.

7.2 Risk mitigation

NN Group aims to match day-to-day cash in- and outflows and at the same time wants to be able to have sufficient cash in case of a liquidity stress event. NN Group holds a minimum buffer of cash which is immediately available in order to be able to meet collateral calls from derivatives exposures in the case of significant market movements, as well as outflows from liabilities in a stress situation. Furthermore, NN Group has a wide range of options to generate additional liquidity, if necessary, amongst which committed repo facilities which are available at all times and a revolving credit facility.

NN Group Liquidity Management Principles defines three levels of Liquidity Management:

- Short-term liquidity (including operational liquidity) management covers the day-to-day cash requirements under normal business conditions
- Long-term liquidity management considers business conditions, in which Market liquidity risk materialises
- Stress liquidity management looks at the company's ability to respond to a potential crisis situation

7.3 Risk measurement

NN Group measures liquidity risk as the difference between liquidity needs and liquidity sources available for sale in a stress event for different time horizons. Liquidity risk is not part of NN Group's Partial Internal Model.

8. Non-market risk

Within the SCR Partial Internal Model a differentiation is made for the classification of Non-market risks for different NN Group entities depending on the model applied.

50 Risk Management continued

For the Business Units applying Partial Internal Model, Non-market risks are split between:

- Insurance risk: is the risk related to the events insured by NN Group and comprise Actuarial and Underwriting risks such as Mortality risk (including Longevity), Morbidity risk, and Property & Casualty risk which result from the pricing and acceptance of insurance contracts
- Business risk: is the risk related to the management and development of the insurance portfolio but exclude risks directly connected to insured events. Business risk includes Expense risk, Persistency risk, and Premium re-rating risk. Business risks can occur because of internal, industry, regulatory/political or wider market factors. Persistency risk is the risk that policyholders use options available in the insurance contracts in a way that is different from that expected by NN Group. Depending on the terms and conditions of the insurance policy, and the laws and regulations applicable to the policy, policyholders could have the option to surrender, change premiums, change investment fund selections, extend their contracts, take out policy loans, and make choices about how to continue their annuity and pension savings contracts after the accumulation phase, or even change contract details. Policyholder behaviour therefore affects the profitability of the insurance contracts. Changes in tax laws and regulations can affect policyholder behaviour, particularly when the tax treatment of their products affects the attractiveness of these products for customers

For the Business Units applying Standard Formula, Non-market risks are split between:

- Life risk: the life portfolio is mainly attributed to the individual and group business in the international entities of NN Group (mainly Belgium, Spain Life, Poland). This risk comprises the Mortality, Longevity, Disability-morbidity, Expense, Lapse, and Life catastrophe risks
- Health risk: this covers the Similar to Life Techniques (SLT) Health portfolio risk (comprising mortality, longevity, disability-morbidity, expense and lapse risks), the Non-SLT (NSLT) Health portfolio risk (comprising premium and reserve risk and lapse risk), and the Health Catastrophe risk. Within NN Group, the health risk stems from morbidity riders in Belgium, Czech, Poland, Slovakia, Romania, from the yearly renewable health insurance portfolio of Greece and Hungary
- Non-life risk: this covers non-life portfolio mainly contributed by ABN AMRO Non-life. This risk covers the Premiums and reserve risk, Non-life catastrophe risk, and Lapse risk

8.1 Risk profile

The table below presents the Non-market risk SCR composition at the end of 2023 and at the end of 2022, respectively. The main changes in the risk profile are explained in the subsequent section of this document.

Non-market risk capital requirements

	2023	2022 (Restated)
Insurance risk (IM entities)	2,480	3,069
Business risk (IM entities)	1,846	1,698
Life risk (SF entities)	1,190	1,162
Health risk (SF entities)	289	263
Non-life risk (SF entities)	89	121
Diversification non-market risk	-1,121	-1,243
Non-market risk	**4,773**	**5,070**

The Non-market risk SCR decreased from EUR 5,070 million in 2022 to EUR 4,773 million in 2023.

The decrease is predominantly driven by longevity reinsurance at NN Life, partially offset by decreased interest rates that led to higher technical provisions and therefore more severe stress scenarios.

8.2 Risk mitigation

Proper pricing, underwriting, claims management and diversification are the main risk mitigating actions for insurance risks.

NN Group Insurance risks are mainly managed on Business Unit level. Insurance liabilities cover multiple geographies, product benefits, lengths of contract and both Life and Non-life risk, NN Group reduces the likelihood that a single risk event will have a material impact on NN Group's financial condition. Risks not sufficiently mitigated by diversification are managed through concentration and exposure limits and through reinsurance: retention limits for Non-life insurance risks are set by line of business for catastrophic events and individual risk.

50 Risk Management continued

Furthermore, insurance risks are managed through terms and conditions of the insurance policies to ensure that NN Group underwriting is correctly aligned with the intended policyholder benefits to mitigate the risk that unintended benefits are covered. This is achieved through NN Group's underwriting standards, product design requirements, and product approval and review processes – as referred to under Risk Management Policies, Standards and Processes.

8.3 Insurance Risk

Insurance risk is the risk that the future insurance claims and other contractual benefits cannot be covered by premiums, policy fees and/or investment income or that insurance liabilities are not sufficient because claims and benefits might differ from the assumptions used in determining the best estimate liability. Insurance risk manifests itself in the life as well as in the non-life portfolio of NN Group.

8.3.1 Risk profile

The table below presents the Partial Internal Model insurance risk SCR for the Dutch NN insurance entities of NN Group (namely NN Life, NN Non-life and NN Re) as at 31 December 2023 and 31 December 2022, respectively.

Insurance risk capital requirements

	2023	2022 (Restated)
Mortality (including longevity) risk	1,975	2,728
Morbidity risk	981	904
Property & Casualty risk	815	827
Diversification insurance risk	-1,291	-1,390
Insurance risk (IM entities)	**2,480**	**3,069**

Decrease in the Insurance risk SCR is mostly driven by the longevity reinsurance transactions at NN Life, partially offset by decreased interest rates that led to higher technical provisions and therefore more severe stress scenarios.

Mortality risk occurs when claims are higher due to higher mortality experience (for instance in relation to term insurance). Longevity risk is the risk that technical provisions to cover insurance obligations will not be sufficient due to higher than expected life expectancies arising from mortality improvements such as better living conditions, improved health care, and medical breakthroughs. While NN Group is exposed to both Longevity and Mortality risks, these risks do not fully offset one another as the impact of the Longevity risks in the pension business in the Netherlands is significantly larger than the Mortality risk in the other businesses, which is partially due to the size of the business. Changes in mortality tables impact the future expected benefits to be paid and the present value of these future impacts is reflected directly in measures like Own Funds.

Morbidity risk is borne primarily by the health insurance portfolio which pays out a fixed amount benefit, reimburses losses (e.g. in the case of loss of income), or pays for expenses of medical treatment related to certain illness or disability events. The main exposures to Morbidity risks within NN Group are the disability insurance policies underwritten in Netherlands Non-life.

The Non-life portfolio includes Property & Casualty (P&C) products covering risks such as fire damage, car accidents, personal and professional liability, windstorms, hail, and third-party liabilities. The P&C risk is primarily underwritten by Netherlands Non-life and catastrophic losses are partially mitigated to external reinsurers through NN Re.

The additional (physical) impact of climate change on the insurance risk is not quantified yet but is expected to be limited because of the shorter time horizon of one year used to define the Solvency Capital Requirements. NN Group performs qualitative and quantitative risk assessments to assess the physical impact of climate change on various non-life product lines based on the latest IPCC Scenarios and taking into account various time horizons. We refer to the section Sustainability and climate change risk management of this report.

8.3.2 Risk mitigation

Insurance risk is mitigated through diversification between NN Group Business Units, between Mortality and Longevity risks within NN Group Business Units, appropriate pricing, underwriting and claims management policies, and risk transfer via reinsurance and index-based hedges, which are used to reduce the Own Funds volatility.

50 Risk Management continued

The risks that are not sufficiently mitigated by diversification are managed through concentration and exposure limits and through reinsurance:

- Retention limits for Life insurance risks are set per insured life and significant mortality events affecting multiple lives such as pandemics
- Retention is used to manage risk levels (such as non-life reinsurance and morbidity reinsurance in Japan Life)
- Retention limits for Non-life insurance risks are set by line of business for catastrophic events and individual risks

For NN Non-Life natural catastrophic events are a major risk. One of the main natural catastrophe threatening the Netherlands is storms causing severe wind damage. NN Non-Life has a reinsurance programme in place, offering protection against severe storms and other natural perils. In addition, reinsurance contracts per risk group are in place, covering NN Non-Life against large one-off events such as fires.

The reinsurance programmes are facilitated by NN Re. In addition, reinsurance creates Credit risk which is managed in line with the Reinsurance Standard of NN Group.

8.4 Business risk

Business risk include risks related to the management and development of the Insurance risk, Persistency risk, and Expense risks. These risks occur because of internal, industry, regulatory/political, or wider market factors.

8.4.1 Risk profile

The table below presents the Partial Internal Model business risk SCR for the Dutch NN insurance entities of NN Group as at 31 December 2023 and 31 December 2022, respectively.

Business risk capital requirements

	2023	2022 (Restated)
Persistency risk	632	698
Premium risk	1	9
Expense risk	1,564	1,388
Diversification Business Risk	-351	-397
Business risk (IM entities)	**1,846**	**1,698**

The Persistency risk SCR decreased from EUR 698 million in 2022 to EUR 632 million in 2023 primarily due to model improvements and assumption changes at NN Life and NN RE.

The risk that policyholders maintain their contracts longer than NN Group has assumed is specific to the variable annuity business when guarantees are higher than the value of the underlying policyholder funds, the pension business in the Netherlands, and the older, higher interest rate guaranteed savings business in Europe. The risk that policyholders hold their contracts for a shorter period than NN Group has assumed relates to the life business in Japan and the unit-linked businesses in Central and Eastern Europe. Within NN Group NN Re reinsures parts of the life business in Japan and Central and Eastern Europe.

The SCR for Expense risk increased from EUR 1,388 million in 2022 to EUR 1,564 million in 2023. The increase due to model refinements. This risk relates primarily to the variable part of NN Group's expenses and is the risk that future actual expenses exceed the expenses assumed. Total administrative expenses for NN Group for 2023 were EUR 2,206 million compared with EUR 2,280 million in 2022. Parts of these expenses are variable, depending on the size of the business and sales volumes, and parts are fixed and cannot immediately be adjusted to reflect changes in the size of the business.

Expense risk of NN Group mainly comprises the Expense level and Expense inflation risks in NN Life. A significant portion of it is incurred in the closed block operations of Netherlands Life, where NN Group is also exposed to the risk that the expenses will not decrease in line with the gradual decrease of the in-force book, leading to a per policy expense increase. Furthermore, Expense risk is also driven by the Group pension business in the Netherlands which includes long-term best estimate expense assumptions, discounted over a long period of time.

50 Risk Management continued

8.4.2 Risk mitigation

Persistency and Premium risks are managed through the product development, product approval and review processes and by ensuring that appropriate advice is given to the customer, not only at the point of sale but also during the lifetime of the product. The policyholder behaviour experience of in-force policies is assessed at least annually.

As part of its strategy, NN Group has put several programmes in place to improve the customer experience. These programmes improve the match between customer needs and the benefits and options provided by NN Group's products. Over time, NN Group's understanding and anticipation of the choice policyholders are likely to make, will improve, thereby decreasing the risk of a mismatch between actual and assumed policyholder behaviour.

Ongoing initiatives are in place to manage Expense risk throughout NN Group, especially in the Netherlands where company targets are in place to reduce expenses, thus, lowering Expense risk going forward. These initiatives seek to reduce expenses through the number of underlying contracts in place. This is particularly relevant for the Dutch individual life closed-block business that can only reduce in number of contracts. Besides the already described mitigating actions, proper pricing, underwriting, claims management, and diversification are also risk mitigating actions for business risk.

8.5 Life risk

Life risk includes risks arising from the underwriting of life insurances of the Business Units applying Standard Formula and is split into Mortality risk, Longevity risk, Disability/Morbidity risk, Persistency risk, Expense risk, Revision risk, and Catastrophic risk. These risks refer to the adverse deviation from the best estimate liabilities due to the perils covered, policyholder behaviour and the processes used in the conduct of business.

8.5.1 Risk profile

Life risk capital requirements

	2023	2022 (Restated)
Mortality risk	99	126
Longevity risk	57	84
Morbidity risk	14	11
Expense risk	361	372
Lapse risk	897	836
Catastrophe risk	110	132
Diversification life risk	-348	-399
Life risk (SF entities)	**1,190**	**1,162**

As shown in the table above, the Life risk SCR for the SF Business Units increased slightly from EUR 1,162 million in 2022 to EUR 1,190 million in 2023 mainly due to some model refinements at Spain Life and Belgium Life.

50 Risk Management continued

8.5.2 Risk mitigation

The majority of Life risk is comprised of Lapse, Expense and Mortality risks (in Standard Formula entities) mainly from the international NN Group entities (Belgium, Poland, Spain).

The NN Group Standard Formula entities manage the Expense risk through detailed budgeting and monitoring the costs using activity-based costing.

Lapse risk management serves an important objective for NN Group entities. When deviations from assumed lapse rates are observed over a prolonged period of time, a product review and further management actions are taken to address the underlying reasons.

8.6 Health risk

Health risk arises from issuing health insurance contracts, which is divided in Similar to Life Techniques (SLT) risk, Non-Similar to Life Techniques (NSLT) risk and Catastrophe risk. SLT risk is associated to health obligations pursued on a similar technical basis to that of life insurance, while NSLT risk applies to health obligations not pursued on a similar technical basis to that of life insurance. These risks refer to the adverse deviation from the best estimate liabilities due to the perils covered, policyholder behaviour and the processes used in the conduct of business.

8.6.1 Risk profile

Health risk capital requirements

	2023	2022 (Restated)
SLT	268	245
NSLT	22	20
Catastrophe risk	32	25
Diversification health risk	-33	-27
Health risk (SF entities)	**289**	**263**

As shown in the table above, the Health risk SCR of the Business Units applying Standard Formula increased from EUR 263 million in 2022 to EUR 289 million in 2023. The increase is mainly explained by Health Lapse due to lower interest rates. The discounting curve outweighs the drop from lower future returns.

8.6.2 Risk mitigation

The majority of Health risk originates from international NN Group entities (Belgium, Poland, Slovakia and Romania). They mitigate the risks by strict acceptance policies and stringent claims-handling procedures. An acceptance policy and internal control processes are developed for each product line maintained by those entities.

50 Risk Management continued

8.7 Non-life risk

Non-life risk involves risks arising from the underwriting of non-life insurance, which includes Premium and Reserve risk, Persistency risk and Catastrophic risk. These risks refer to the adverse deviation from the best estimate liabilities due to the perils covered, policyholder behaviour and the processes used in the conduct of business.

8.7.1 Risk profile

Non-life risk capital requirements

	2023	2022 (Restated)
Premium and reserve risk	78	96
Lapse risk	16	21
Catastrophe risk	24	50
Diversification non-life risk	-29	-46
Non-life risk (SF entities)	**89**	**121**

As shown in the table above, the Non-life risk SCR of the Business Units applying Standard Formula decreased from EUR 121 million in 2022 to EUR 89 million in 2023 mainly due to legal merger of NN Insurance Services and NN Non-Life.

8.7.2 Risk mitigation

Non-life risk is mitigated through appropriate pricing and underwriting policies and through risk transfer via reinsurance. Most of the Non-life risk comes from ABN AMRO Non-life, and they manage the risk using various reinsurance contracts.

Within the NN Group's non-life business, Weather-related risks are managed through the use of Catastrophe risk modelling in underwriting and risk assessment. NN Group uses external vendor models to estimate the impact and damage caused by large natural catastrophes such as windstorms, considered to be the main natural peril for the NN Group portfolio. Reinsurance covers are placed with strongly capitalised external reinsurers.

Natural catastrophic losses can become more severe and more frequent because of climate change. Although most of the NN Group's non-life business is annually renewable, to accurately price the business it is essential to monitor and understand linkages between natural disasters and climate change. NN Group therefore liaises with the external vendors and participates in industry initiatives to improve the knowledge, data and models to better prepare for changing weather patterns.

51 Capital and liquidity management

Objectives, policies and processes

Objective

The goal of NN Group's capital and liquidity management is to adequately capitalise NN Group and its operating entities at all times to meet the interests of its stakeholders, including customers and shareholders. The balance sheet is assessed in line with NN Group's capital management framework which is based on regulatory, economic and rating agency requirements. NN Group closely monitors and manages the following metrics: Own Funds/Solvency Capital Requirement (SCR), cash capital at the holding company, financial leverage, fixed cost coverage, capital generation and liquidity.

Governance

The NN Group Capital Management and Corporate Treasury Department reports to the NN Group CFO. Activities of the department are executed on the basis of established policies, guidelines and procedures.

Capital Management is responsible for the sufficient capitalisation of NN Group entities, which involves the management, planning and allocation of capital within NN Group. Corporate Treasury is responsible for the management and execution of debt capital market transactions, term (capital) funding, cash management and risk management transactions.

Capital management and framework

NN Group manages its capital along a three-pillar framework taking into account the solvency positions at NN Group and its operating entities, cash capital at holding, and financial and debt metrics:

- NN Group defines a comfort zone between 150%-200% Group Solvency ratio where NN Group intends to pay a progressive dividend per share and execute an annual share buyback. In the case of a Group Solvency ratio sustainably above 200%, there is an opportunity to increase the share buyback further.
  NN Group aims to capitalise its operating entities adequately at all times. Operating entities have to comply with the local statutory capital frameworks that are under supervision of local regulators. To ensure adequate capitalisation, they are managed to commercial capital target levels, which are set in accordance with the risk associated with the business activities, commercial requirements and other relevant factors. The commercial capital target levels are set in local legal entity capital policies and approved by the Management Board of NN Group. Capital adequacy is ensured through the capital planning process which starts with the annual budgeting process in which a capital plan is prepared for NN Group and its operating entities with a time horizon of 5 years. NN Group's risk appetite statements, as further described in Note 50 'Risk management', drive the target setting and are cascaded down to the operating entities in line with NN Group's risk management strategy. Other important factors which are considered in the capital plan are efficient capital allocation, the cost of capital and capital generation. Capital positions of operating entities are closely monitored and, if necessary, measures are taken to ensure capital adequacy. At the end of 2023, all operating entities were capitalised above their local regulatory requirements.
- In addition, cash capital is held at the holding company to cover capital needs of the entities after a stress event and to cover financial leverage costs and holding company expenses for a period of at least 12 months. Stress tests are based on 1-in-20 year scenarios and specific stress scenarios that might change from time to time. The free cash flow to the holding is the cash made available to NN Group and is driven by remittances and capital injections with subsidiaries, financial leverage costs and holding company expenses. This can be distributed to shareholders (reference is made to Note 12 'Equity' for information on distributable reserves), used to reduce debt or for other corporate purposes. The free cash flow to the holding is closely monitored and forecasted on a regular basis.
- NN Group aims to maintain a financial leverage and fixed-cost coverage ratio consistent with a single 'A' financial strength rating. Financial leverage measures the amount of debt that NN Group issued to capitalise its businesses. Debt used for funding of operating activities or liquidity needs is not considered financial leverage. The fixed-cost coverage ratio measures the ability of NN Group to pay its financing expenses and is defined as the earnings before interest and tax (EBIT) divided by interest before tax on financial leverage. Special items, revaluations on derivatives that are non-eligible for hedge accounting, market and other impacts and amortisation of acquisition intangibles are excluded from EBIT.

51 Capital and liquidity management continued

Liquidity management

NN Group monitors and manages its liquidity risk based on certain severe stress scenarios, assessed by operating entities and aggregated at the group level. Liquidity positions are periodically reported and monitored both on an individual entity and on a consolidated basis.

NN Group measures liquidity risk as the difference between liquidity needs and liquidity sources available for sale in a stress event for different time horizons. At 31 December 2023, the liquidity position of all entities was adequate (reference is made to Note 50 'Risk management' for more information on liquidity risk management).

For the Banking business, the Dutch Central Bank (DNB) requires an annual internal evaluation of capital adequacy, liquidity position and the risk management framework, including stress testing. This internal evaluation is performed using an Internal Capital and Liquidity Adequacy Assessment Process (ICAAP and ILAAP) and reviewed by DNB in its Supervisory Review & Evaluation Process (SREP). The ICAAP, ILAAP, and SREP show that NN Bank has a robust capital and liquidity position.

NN Group has an undrawn syndicated revolving credit facility of EUR 1.9 billion available until its maturity in 2027 (as per year-end 2022 the amount was EUR 1.75 billion). In 2022 and 2023, no amounts were drawn under the revolving credit facility.

Significant events of 2023 are listed below in chronological order

On 2 January 2023, NN Group announced the completion of the legal mergers of the former MetLife businesses in Poland and Greece. In Greece, the legal merger became effective on 29 December 2022. In Poland, the life insurance companies of Nationale-Nederlanden Poland and the former MetLife Poland were legally merged on 2 January 2023.

On 13 January 2023, NN Group repaid EUR 500 million of unsecured senior notes that matured on 13 January 2023.

On 16 February 2023, NN Group announced an open market share buyback programme for an amount of EUR 250 million within 12 months, which commenced on 1 March 2023. The share buyback programme was completed on 9 October 2023.

On 31 March 2023, NN Life and ABN AMRO Life entered into a legal merger which became effective as per 1 April 2023. As a result of this legal merger, ABN AMRO Life ceased to exist as per 1 April 2023 and NN Life assumed all assets and liabilities of ABN AMRO Life under universal title of succession (algemene titel) as per that same date.

On 3 May 2023, NN Group issued EUR 1 billion of subordinated notes due in 2043. It was the second issuance under NN Group's Sustainability Bond Framework, which was established in February 2022 with the aim to finance green and social projects. The EUR 1 billion subordinated notes have a maturity of 20.5 years and have a first call date after 10 years on 3 May 2033, subject to redemption conditions. The coupon is fixed at 6.00% per annum until the first coupon reset date on 3 November 2033 and will be floating thereafter. The subordinated notes qualify as Tier 2 regulatory capital.

On 9 May 2023, the tender offer announced by NN Group on 25 April 2023 was settled. Holders of its EUR 1 billion dated Tier 2 subordinated notes due 2044 and EUR 750 million undated restricted Tier 1 subordinated notes were invited to tender their notes for repurchase by NN Group, for an aggregate maximum nominal amount of EUR 1 billion. The purpose of the tender offer and the issuance of EUR 1 billion of subordinated notes was, amongst other things, to refinance and proactively manage NN Group's expected redemption profile. Following the tender offer, on 3 May 2023 NN Group announced that the proceeds of the EUR 1 billion issuance were used to repurchase EUR 665 million of the EUR 1 billion dated Tier 2 subordinated notes that are first callable in April 2024, and EUR 335 million of the EUR 750 million undated restricted T1 subordinated notes that are first callable in June 2024.

On 29 June 2023, NN Group paid a 2022 final dividend of EUR 1.79 per ordinary share, equivalent to EUR 494 million in total. To neutralise the dilutive effect of the stock dividend on earnings per share, NN Group announced the repurchase of ordinary shares for a total amount of EUR 235 million. The share buyback programme was completed on 25 August 2023.

On 25 September 2023, NN Group paid a 2023 interim dividend of EUR 1.12 per ordinary share, equivalent to EUR 309 million in total. To neutralise the dilutive effect of the stock dividend on earnings per share, NN Group announced the repurchase of ordinary shares for a total amount of EUR 146 million. The share buyback programme was completed on 6 October 2023.

On 19 December 2023, NN Group announced that its subsidiary NN Life completed two transactions to transfer the full longevity risk associated with in total approximately EUR 13 billion of pension liabilities in the Netherlands. The transactions cover the

51 Capital and liquidity management continued

longevity risk of approximately 300 thousand policies and have been entered into with an insurance subsidiary of Prudential Financial, Inc. and with Swiss Re. The risk transfer became effective as of 31 December 2023, and the reinsurance agreements will continue until the portfolio has run off.

On 9 January 2024, NN Group announced a settlement with interest groups ConsumentenClaim, Woekerpolis.nl, Woekerpolisproces, Wakkerpolis and Consumentenbond regarding unit-linked products sold in the Netherlands by Nationale-Nederlanden, including Delta Lloyd and ABN AMRO Life. The settlement relates to all unit-linked products of policyholders affiliated with the aforementioned interest groups and is subject to a 90% acceptance rate of affiliated policyholders that have received an individual proposal for compensation. As part of the settlement, all pending proceedings with respect to unit-linked products initiated by these interest groups against Nationale-Nederlanden will be discontinued once the settlement is executed, which is anticipated ultimately 30 June 2025. The settlement also includes that no new legal proceedings may be initiated by the aforementioned interest groups or their affiliated persons/parties. To cover the settlement costs, a provision of approximately EUR 360 million was recognised in the fourth quarter of 2023. This includes EUR 60 million for hardship cases, and customers unaffiliated with one of the aforementioned interest groups that have not previously received compensation.

Solvency II

Solvency II is the regulatory framework for (re-)insurance undertakings and groups domiciled in the EU.

Under the Solvency II regime, required capital (Solvency Capital Requirement) is risk-based and calculated as the post-tax value-at-risk at the confidence interval of 99.5% on a one-year horizon. Available capital (Own Funds) is determined as the excess of assets over liabilities, both based on economic valuations, plus qualifying subordinated debt. The EU Solvency II directive requires that (re-)insurance undertakings and groups hold sufficient Eligible Own Funds to cover the SCR.

NN Group is the holding company of licensed insurers and banking businesses. Regulated entities which from local regulatory perspective are not subject to the Solvency II regime (e.g. pension funds in Central Europe, NN Bank, BeFrank and BeFrank PPI) are included in Own Funds based on their local available capital and in SCR based on required capital defined by sectoral supervisory rules. NN Life Japan is included in Own Funds and SCR based on its available and required capital determined according to the local solvency regime recognised by the European Commission as provisionally equivalent.

NN Group uses the Partial Internal Model (PIM) to calculate capital requirements under Solvency II. The group capital model is named as such due to the fact that an Internal Model is used to calculate the capital requirements for the Dutch insurance entities (namely NN Life, NN Non-life and NN Re in the Netherlands), while the Standard Formula is used to calculate capital requirements for operational risk (across the group), for the international insurance entities that fall under Solvency II, and for ABN AMRO Non-life.

Further details on the NN Group capital requirements at 31 December 2023 are provided in Note 50 ‘Risk management’.

The Solvency II ratios of NN Group and its Dutch insurance entities include a provision following the settlement with interest groups regarding unit-linked products sold by Nationale-Nederlanden, including Delta Lloyd and ABN AMRO Life. Reference is made to Note 43 ‘Legal proceedings’ for more information.

On 22 September 2021, the European Commission (EC) published, as part of the Solvency II 2020 Review the proposed Level I texts (Directive) and insights in the upcoming Level II (Delegated Acts) regulations. In June 2022, the Council reached consensus on their view on the Solvency II 2020 review. This position is broadly similar to the EC proposals. The economic committee of the European Parliament (EP) reached consensus in July 2023 and the final vote in the European Parliament took place in September 2023. Compared to the EC, the position of the EP is more leaning to some of the positions of the insurance industry, for example, with respect to the cost of capital rate used for the valuation of the risk margin and the calibration of the risk correction which is relevant for the Volatility Adjustment (both in terms of balance sheet valuation and SCR). The EC proposal formed the basis for the political process, which has led to a compromise position as agreed by the trilogue parties on 13 December 2023. Actual implementation of the changes is currently not expected before 2026. The details of the agreement are not fully known yet and some key aspects in the agreement will not be detailed out in Level I, but will be clarified later in the process (part of Level II). The trilogue compromise position forms the basis for the upcoming legislative process, which can take a long time and can lead to further changes. Based on the results of the trilogue negotiations and current market conditions, NN Group remains comfortable with its solvency position and does not expect changes to its dividend policy.

51 Capital and liquidity management continued

Eligible Own Funds and Solvency Capital Requirement

	2023	2022 (Restated)
Shareholders' equity	19,624	19,265
Minority interest	79	73
Elimination of intangible assets	-1,234	-1,238
Valuation differences on assets	-1,361	-1,042
Valuation differences on liabilities, including insurance and investment contracts	-2,998	-2,059
Deferred tax effect on valuation differences	1,132	835
Difference in treatment of non-Solvency II regulated entities	-3	42
Excess assets/liabilities	**15,240**	**15,876**
Qualifying subordinated debt	4,127	3,985
Foreseeable dividends and distributions	-681	-623
Basic Own Funds	**18,685**	**19,237**
Non-available Own Funds	896	1,415
Non-eligible Own Funds	98	
Eligible Own Funds (a)	**17,691**	**17,822**
– of which Tier 1 unrestricted	10,388	10,904
– of which Tier 1 restricted	1,414	1,716
– of which Tier 2	2,631	2,189
– of which Tier 3	1,144	910
– of which non-Solvency II regulated entities	2,113	2,104
Solvency Capital Requirements (b)	**8,990**	**9,040**
– of which from solvency II entities	7,628	7,677
– of which from non-solvency II entities	1,362	1,363
NN Group Solvency II ratio (a/b)[1]	197%	197%

1 The Solvency II ratio is not final until filed with the regulator.

51 Capital and liquidity management continued

NN Group was adequately capitalised at 31 December 2023 with a Solvency II ratio of 197% based on the Partial Internal Model.

The Solvency II ratio of NN Group is 197% at the end of 2023, at the same level as at the end of 2022. The positive impact from operating capital generation and the longevity reinsurance transactions executed by NN Life was largely offset by capital flows to shareholders, adverse market impacts and to a lesser extent the recognition of the provision for the settlement agreement on unit-linked insurance policies. Market impacts mainly reflect negative real estate revaluations, movements in credit spreads and unfavourable changes in interest rates.

Eligible Own Funds decreased to EUR 17,691 million at 31 December 2023 from EUR 17,822 million at 31 December 2022. The decrease was mainly driven by capital flows to shareholders, the aforementioned market impacts and the provision for settlement agreement on unit-linked insurance policies, partly offset by operating capital generation and the positive impact of the longevity reinsurance transactions.

The SCR of NN Group decreased to EUR 8,990 million at 31 December 2023 from EUR 9,040 million at 31 December 2022. The decrease was mainly driven by the longevity reinsurance transactions, partly offset by the aforementioned market impacts.

Structure, amount and quality of Own Funds

Subordinated liabilities included in NN Group Own Funds

							Solvency II	Value
Interest rate	Issue[1]	Year of issue	Notional	First call date	Due date	Own Funds tier	2023	2022 (Restated)
4.500%	NN Group N.V.	2014	1,000	15 January 2026	Perpetual	Tier 1	994	969
4.375%	NN Group N.V.[2,3]	2014	415	13 June 2024	Perpetual	Tier 1	420	747
4.625%	NN Group N.V. [3]	2014	335	8 April 2024	8 April 2044	Tier 2	334	1,012
4.625%	NN Group N.V.	2017	850	13 January 2028	13 January 2048	Tier 2	830	793
5.250%	NN Group N.V.	2022	500	30 August 2032	1 March 2043	Tier 2	503	464
6.000%	NN Group N.V.	2023	1,000	3 May 2033	3 November 2043	Tier 2	1,037	

1 All securities are listed on Euronext Amsterdam.
2 These securities were originally issued by Delta Lloyd N.V. which was merged into NN Group N.V. at the end of 2017.
3 These securities were part of a tender offer announced on 25 April 2023 by NN Group, after which part of the notes were repurchased. The notional presented is the remaining notional after the settlement of the tender offer on 9 May 2023.

The perpetual subordinated notes issued in 2014 with a notional amount of EUR 1 billion have a coupon of 4.50% and are fully paid in. NN Group N.V. has the right to redeem these notes on the first call date on 15 January 2026 or on any interest payment date thereafter. The subordinated notes are classified as Restricted Tier 1 capital based on the transitional provisions (grandfathering). These subordinated notes are grandfathered for a maximum period of 10 years until 1 January 2026.

The perpetual subordinated notes (originally issued by Delta Lloyd N.V. in 2014) with a notional amount of EUR 415 million (original amount of EUR 750 million) have a coupon of 4.375% and are fully paid in. On 3 May 2023, NN Group N.V. announced that as part of the tender offer announced on 25 April 2023 a total amount of EUR 335 million of the perpetual notes was repurchased by NN Group. These notes are grandfathered for a maximum period of 10 years until 1 January 2026. NN Group N.V. has the right to redeem these notes on the first call date on 13 June 2024 or on any interest payment date thereafter. The subordinated notes are classified as Restricted Tier 1 capital based on the transitional provisions (grandfathering).

The dated subordinated notes issued in 2014 with a notional amount of EUR 335 million (original amount of EUR 1 billion) have a coupon of 4.625%, maturity date on 8 April 2044, and are fully paid in. On 3 May 2023, NN Group N.V. announced that as part of the tender offer announced on 25 April 2023 a total amount of EUR 665 million of the notes was repurchased by NN Group. The subordinated notes are grandfathered for a maximum period of 10 years until 1 January 2026. NN Group N.V. has the right to redeem these notes on the first call date on 8 April 2024 or on any interest payment date thereafter. These subordinated notes are classified as Tier 2 capital based on the transitional provisions (grandfathering).

51 Capital and liquidity management continued

The dated subordinated notes issued in 2017 with a notional amount of EUR 850 million have a coupon of 4.625%, maturity date on 13 January 2048, and are fully paid in. NN Group N.V. has the right to redeem these notes on the first call date on 13 January 2028 or on any interest payment date thereafter. These subordinated notes are classified as Tier 2 capital.

The dated subordinated notes issued in 2022 with a notional amount of EUR 500 million have a coupon of 5.25%, maturity date on 1 March 2043, and are fully paid in. It was the first issuance under NN Group's Sustainability Bond Framework. NN Group N.V. has the right to redeem these notes on the first call date of 30 August 2032 or any other interest payment date thereafter. These subordinated notes are classified as Tier 2 capital.

The dated subordinated notes issued in 2023 with a notional amount of EUR 1 billion have a coupon of 6.00%, maturity date on 3 November 2043, and are fully paid in. It was the second issuance under NN Group's Sustainability Bond Framework. NN Group N.V. has the right to redeem these notes on the first call date of 3 May 2033 or any other interest payment date thereafter. These subordinated notes are classified as Tier 2 capital.

Eligible Own Funds

NN Group Own Funds are classified into three tiers as follows:

- The excess of assets over liabilities on the basis of consolidated accounts excluding net Deferred Tax Asset is classified as (unrestricted) Tier 1
- The proportional share in the Own Funds of BeFrank, BeFrank PPI and pension funds in Central Europe is classified as (unrestricted) Tier 1
- The proportional share in the Eligible Own Funds of NN Life Japan is classified as (unrestricted) Tier 1 (European Commission recognised the solvency regime applied to the insurance undertakings in Japan as provisionally equivalent to Solvency II according to Commission Delegated Decision (EU) 2016/310 of 26 November 2015)
- The proportional share in the Own Funds of NN Bank is classified as (unrestricted) Tier 1 with the exception of the subordinated loans which are classified as Tier 2
- Perpetual subordinated notes are classified as (restricted) Tier 1 based on the transitional provisions (grandfathering)
- Dated subordinated debt is classified as Tier 2 including that based on the transitional provisions (grandfathering)
- The Net Deferred Tax Asset (Deferred tax assets and liabilities are offset only where such assets and liabilities relate to taxes levied by the same tax authority on the same taxable undertaking) is classified as Tier 3

As at 31 December 2023 and 2022, NN Group had no ancillary Own Funds.

There are a number of regulatory restrictions on the amounts classified as Restricted Tier 1, Tier 2 and Tier 3 capital. The following restrictions have to be taken into account:

- Restricted Tier 1 capital cannot exceed 20% of the total Tier 1 amount
- The proportion of Tier 1 items in the Eligible Own Funds should be higher than one third of the total amount of Eligible Own Funds
- Tier 2 and Tier 3 capital together cannot exceed 50% of the SCR
- Tier 3 capital cannot exceed 15% of the Solvency Capital Requirements
- Tier 3 capital cannot exceed one third of the total amount of Eligible Own Funds

The application of the regulatory restrictions as at 31 December 2023 is reflected in the table below.

51 Capital and liquidity management continued

Eligible Own Funds to cover the Solvency Capital Requirement

	Available Own Funds 2023	Eligible Own Funds 2023	Available Own Funds 2022 (Restated)	Eligible Own Funds 2022 (Restated)	Eligibility restriction
Tier 1	11,802	11,802	12,620	12,620	**More than one third of total EOF**
Of which:					
– Unrestricted Tier 1	10,388	10,388	10,904	10,904	Not applicable
– Restricted Tier 1	1,414	1,414	1,716	1,716	Less than 20% of Tier 1
Tier 2 + Tier 3	3,873	3,775	3,098	3,098	**Less than 50% of SCR**
Tier 2	2,631	2,631	2,189	2,189	
Tier 3	1,243	1,144	910	910	Less than 15% of SCR; Less than one third of total EOF
Non-Solvency II regulated entities	2,113	2,113	2,104	2,104	
Total Own Funds	**17,789**	**17,691**	**17,822**	**17,822**	

Transferability and fungibility of Own Funds

NN Group adjusts the group Own Funds taking into account the value of own fund items that cannot effectively be made available to cover the group SCR. These are the own fund items of related undertakings subject to legal and regulatory constraints that restrict the ability of those items to absorb all types of loss within the group and/or transferability of assets. Based on NN Group's assessment these own fund items mainly include:

- Differences between valuations of assets and liabilities based on Solvency II principles and according to principles that related undertakings use to prepare respective local annual accounts
- For NN Life Japan, own fund items according to local rules but which are not part of shareholders' equity
- For NN Bank, own funds covering pillar II guidance issued by regulator
- The transitional measures on risk-free interest rates and technical provisions
- Legal reserves set up according to local company law
- Any minority interest in a related undertaking

These own fund items are included in NN Group Own Funds to the extent they are eligible for covering contribution of the respective related undertaking to the NN Group's SCR. On 31 December 2023 excess non-available own funds amounted to EUR 896 million. On 31 December 2022, this amount was EUR 1,415 million.

51 Capital and liquidity management continued

Cash capital position at the holding company

NN Group holds a cash capital position at the holding company to cover capital needs of the entities after a stress event and to cover financial leverage costs and holding company expenses for a period of at least 12 months. Cash capital is defined as net current assets available at the holding company. NN Group is comfortable with a cash capital position at the holding company to be in a range of EUR 0.5 billion and EUR 1.5 billion. A related metric is the free cash flow at the holding which is defined as the change in the cash capital position at the holding company over the period, excluding acquisitions, divestments, and capital transactions with shareholders and debtholders.

Cash capital position at the holding company

	2023	2022 (Restated)
Beginning of period	2,081	1,998
Remittances from subsidiaries[1]	1,855	1,753
Capital injections into subsidiaries[2]	-1,117	-545
Other[3]	-267	-315
Free cash flow to the holding[4]	**470**	**893**
Cash divestment proceeds		1,626
Acquisitions	-20	-524
Capital flow to shareholders	-1,053	-1,806
Increase/decrease in debt and loans	-507	-106
End of period	**971**	**2,081**

1 Includes interest on intragroup subordinated loans provided to subsidiaries by the holding company.
2 Includes the change of subordinated loans provided to subsidiaries by the holding company.
3 Includes interest on subordinated loans and debt with external debtholders, holding company expenses and other cash flows.
4 Free cash flow to the holding company is defined as the change in cash capital position of the holding company over the period, excluding acquisitions, divestment proceeds and capital transactions with shareholders and debtholders.

The cash capital position at the holding company decreased to EUR 971 million at 31 December 2023 from EUR 2,081 million at 31 December 2022. The decrease is mainly due to EUR 1,117 million of capital injections into subsidiaries, mainly into NN Life and NN Spain, EUR 1,053 million capital flows to shareholders, the redemption of EUR 500 million of senior debt, as well as other movements of EUR 267 million that include holding company expenses, interest on loans and debt and other holding company cash flows. These are partly offset by remittances from subsidiaries of EUR 1,855 million. NN Group injected EUR 1 billion into NN Life to cover for the provision that was recognised for the cost of the final settlement on unit-linked insurance policies, as well as to improve the use of capital within the group by deploying the remainder according to NN Life's strategic asset allocation over time. Capital flows to shareholders comprise the cash part of the 2022 final dividend and the 2023 interim dividend for a total amount of EUR 422 million, and the repurchase of EUR 631 million of own shares.

51 Capital and liquidity management continued

Financial leverage

The financial leverage and fixed-cost coverage ratio are managed in accordance with a single A financial strength rating target.

Financial leverage

	2023	2022 (Restated)
Shareholders' equity	19,624	19,265
Contractual service margin after tax[1]	4,861	4,858
Minority interest	79	73
Capital base for financial leverage (a)	**24,564**	**24,196**
– Undated subordinated notes[2]	1,416	1,764
– Subordinated debt	2,680	2,334
Total subordinated debt	**4,096**	**4,098**
Debt securities issued	1,195	1,694
Financial leverage (b)	**5,291**	**5,792**
Total debt	**5,291**	**5,792**
Financial leverage ratio (b/(a+b))	17.7%	19.3%
Fixed-cost coverage ratio[3]	8.7x	9.5x

1 Contractual service margin after tax and net of reinsurance is included in the capital base for financial leverage ratio in the calculation based on IFRS 9/IFRS 17.
2 The undated subordinated notes classified as equity are considered financial leverage in the calculation of the financial leverage ratio. The related interest is included on an accrual basis in the calculation of the fixed-cost coverage ratio.
3 Measures the ability of earnings before interest and tax (EBIT) to cover funding costs on financial leverage. Special items, revaluations on derivatives that are non-eligible for hedge accounting, market and other impacts and amortisation of acquisition intangibles are excluded from EBIT.

The financial leverage ratio of NN Group decreased to 17.7% at 31 December 2023 from 19.3% at 31 December 2022, reflecting the increase of the capital base and the decrease of the financial leverage. The financial leverage decreased mainly driven by the redemption of EUR 500 million of senior debt on 13 January 2023. The capital base for financial leverage increased with EUR 368 million mainly due to the 2023 net result of EUR 1,172 million and positive equity revaluations, partly offset by capital flows to shareholders of EUR 1,053 million.

NN Group issued EUR 1 billion of dated green Tier 2 subordinated notes with a maturity of 20.5 years and a fixed coupon at 6.00% per annum until 2033 on 3 May 2023. The proceeds of the issuance were used to repurchase EUR 665 million of dated Tier 2 subordinated notes that are first callable in April 2024 and EUR 335 million of undated restricted Tier 1 subordinated notes that are first callable in June 2024. The transactions had no material impact on the financial leverage position.

The fixed-cost coverage ratio decreased to 8.7x at the end of 2023, from 9.5x at the end of 2022 (on a last 12-months basis), driven by the decrease of earnings before interest and tax mainly due to negative real estate revaluations.

Proposed 2023 final dividend

At the annual general meeting on 24 May 2024, a final dividend will be proposed of EUR 2.08 per ordinary share, or approximately EUR 570 million in total based on the current number of outstanding shares (net of treasury shares). The final dividend will be paid either fully in cash, after deduction of withholding tax if applicable, or fully in ordinary shares, at the election of the shareholders. Dividends paid in the form of ordinary shares will be delivered from NN Group treasury shares or issued at the expense of the share premium reserve. To neutralise the dilutive effect of the stock dividend, NN Group will repurchase ordinary shares for an amount equivalent to the stock dividend. If the proposed dividend is adopted by the General Meeting, NN Group ordinary shares will be quoted ex-dividend on 28 May 2024. The record date for the dividend will be 29 May 2024. The election period will run from 30 May 2024 up to and including 13 June 2024. The stock fraction for the stock dividend will be based on the volume weighted average price of NN Group ordinary shares on Euronext Amsterdam for the five trading days from 7 June through 13 June 2024. The dividend will be payable on 20 June 2024. (For more information: NN Group - Dividend policy and dividend history (nn-group.com).

51 Capital and liquidity management continued

On 25 September 2023, NN Group paid an interim dividend of EUR 1.12 per ordinary share, equivalent to EUR 309 million in total. The proposed 2023 final dividend of EUR 2.08 per ordinary share plus the 2023 interim dividend of EUR 1.12 per ordinary share gives a total dividend for 2023 of EUR 3.20 per ordinary share.

On 29 June 2023, NN Group paid a 2022 final dividend of EUR 1.79 per ordinary share, equivalent to EUR 494 million in total.

Share buyback

On 29 February 2024, NN Group announced that it will execute an open market share buyback programme for an amount of EUR 300 million. The programme will be executed within nine months and is anticipated to commence on 2 April 2024. The share buyback will be deducted in full from Solvency II Own Funds in the first half of 2024 and is estimated to reduce NN Group's Solvency II ratio by approximately 3 percentage points. In addition to the announced share buyback programme, NN Group intends to repurchase shares to neutralise the dilutive effect of any stock dividends. NN Group intends to cancel any repurchased NN Group shares under the programmes unless used to cover obligations under share-based remuneration arrangements or to deliver stock dividend.

The share buyback programmes will be executed within the limitations of the existing authority granted by the General Meeting on 2 June 2023 and such authority to be granted by the General Meeting on 24 May 2024. The shares will be repurchased at a price that does not exceed the last independent trade or the highest current independent bid on the relevant trading platform. The programmes will be executed by financial intermediaries and will be performed in compliance with the safe harbour provisions for share buybacks.

On 16 February 2023, NN Group announced an open market share buyback programme for an amount of EUR 250 million within 12 months, commencing on 1 March 2023. The share buyback programme was completed on 9 October 2023.

NN Group neutralised the dilutive effect of the 2022 final dividend that was paid in the form of ordinary shares for a total amount of EUR 235 million and the 2023 interim dividend that was paid in the form of ordinary shares for a total amount of EUR 146 million. These share buyback programmes were completed on 25 August 2023 and 6 October 2023 respectively.

NN Group reports on the progress of the share buyback programmes on its corporate website on a weekly basis. (For more information: NN Group – Share buyback programmes (nn-group.com)).

Share capital

On 25 August 2023, 10,000,000 NN Group treasury shares which were repurchased under the share buyback programmes were cancelled.

In 2023, a total number of 18,988,015 ordinary shares for a total amount of EUR 631 million were repurchased (reference is made to Note 12 'Equity' regarding the number of shares repurchased and the total amount in 2022).

On 15 March 2024, the total number of NN Group shares outstanding (net 11,056,964 of treasury shares) was 273,943,036.

Credit ratings

On 21 December 2023, Standard & Poor's upgraded NN Group's financial strength rating to 'A+' with stable outlook from 'A' with positive outlook and the credit rating to 'A-' with stable outlook from 'BBB+' with positive outlook.

On 22 November 2023, Fitch Ratings published a report affirming NN Group's 'AA-' financial strength rating and 'A+' credit rating with a stable outlook.

Credit ratings on NN Group N.V. on 20 March 2024

	Financial Strength Rating	NN Group N.V. Counterparty Credit Rating
Standard & Poor's	A+	A-
	Stable	Stable
Fitch	AA-[1]	A+
	Stable	Stable

5 Financial Strength Rating for Nationanle-Nederlanden Levensverzekering Maatschappij N.V.

52 Other IFRS 9 and IFRS 17 transition disclosures

Reconciliation Consolidated balance sheet 31 December 2022

Balance sheet item – as reported under IAS 39 and IFRS 4	Reported amount	Adjustment	Adjusted amount	Restated balance sheet item – with IFRS 9 and IFRS 17
Cash and cash equivalents	6,670		6,670	Cash and cash equivalents
Available-for-sale investments	81,610	33,451	115,061	Investments at fair value through OCI
Loans	68,044	-47,753	20,291	Investments at cost
Financial assets designated as at fair value through profit or loss	681	42,481	43,162	Investments at fair value through profit or loss
Real estate investments	2,754		2,754	Investments in real estate
Associates and joint ventures	6,556	-106	6,450	Investments in associates and joint ventures
Investments for risk of policyholders	34,562	-34,562		
		124	124	Insurance contracts
Reinsurance contracts	1,019	-182	837	Reinsurance contracts
Non-trading derivatives	2,452		2,452	Derivatives
Property and equipment	399		399	Property and equipment
Intangible assets	1,624	-344	1,280	Intangible assets
Deferred acquisition costs	1,858	-1,858		
Deferred tax assets	904	-773	131	Deferred tax assets
Other assets	7,977	-564	7,413	Other assets
Total assets	**217,110**	**-10,086**	**207,024**	**Total assets**
Insurance and investment contracts	156,378	-15,579	140,799	Insurance contracts
		223	223	Reinsurance contracts
		3,421	3,421	Investment contracts
Debt securities issued	1,694		1,694	Debt instruments issued
Subordinated debt	2,334		2,334	Subordinated debt
Other borrowed funds	11,118		11,118	Other borrowed funds
Customer deposits and other funds on deposit	16,235		16,235	Customer deposits
Non-trading derivatives	6,462	-1	6,461	Derivatives
Deferred tax liabilities	423	201	624	Deferred tax liabilities
Other liabilities	4,634	-1,620	3,014	Other liabilities
Total liabilities	**199,278**	**-13,355**	**185,923**	**Total liabilities**
Total equity	**17,832**	**3,269**	**21,101**	**Total equity**

52 Other IFRS 9 and IFRS 17 transition disclosures continued

Reconciliation of Consolidated profit and loss account 2022

Main profit and loss accounts item – as reported under IAS 39 and IFRS 4	Reported amount	Adjustment	Adjusted amount	Restated profit and loss account item – with IFRS 9 and IFRS 17
Total income	17,331	-17,331		
Total expenses	16,769	-16,769		
		1,100	1,100	Insurance and reinsurance result
		447	447	Net investment result
		-899	-899	Other result
Result before tax from continuing operations	**562**	**86**	**648**	**Result before tax from continuing operations**
Taxation	85	23	108	Taxation
Net result from continuing operations	**477**	**63**	**540**	**Net result from continuing operations**
Net result from discontinued operations	28	-1	27	Net result from discontinued operations
Net result from disposal of discontinued operations	1,061	1	1,062	Net result from disposal of discontinued operations
Net result from discontinued operations	**1,089**	**0**	**1,089**	**Discontinued operations**
Net result from continuing and discontinued operations	**1,566**	**63**	**1,629**	**Net result from continuing and discontinued operations**

The line items as included above represent the line items in the consolidated statement of profit and loss for which it was practicable to make a reconciliation between amounts as published and the restated amounts after implementation of IFRS 9 and IFRS 17.

52 Other IFRS 9 and IFRS 17 transition disclosures continued

Reconciliation of Consolidated statement of comprehensive income 2022

Comprehensive income item – as reported under IAS 39 and IFRS 4	Reported amount	Adjustment	Adjusted amount	Restated Comprehensive income item – with IFRS 9 and IFRS 17
Net result from continuing and discontinued operations	1,566	63	1,629	Net result
–		25,882	25,882	– finance result on (re) insurance contracts recognised in OCI
– unrealised revaluations on available-for-sale investments and other	-15,705	-5,021	-20,726	– revaluations on Investments at fair value through OCI
– realised gains (losses) transferred to the profit and loss account	112	-133	-21	– realised gains (losses) transferred to the profit and loss account
– changes in cash flow hedge reserve	-5,942	-1	-5,943	– changes in cash flow hedge reserve
– deferred interest credited to policyholders	4,986	-4,986		
– share of OCI of associates and joint ventures	9		9	– share of OCI of investments in associates and joint ventures
– exchange rate differences	-164	59	-105	– foreign currency exchange differences
Items that may be reclassified subsequently to the profit and loss account:	**-16,704**	**15,800**	**-904**	**Items that may be reclassified subsequently to the profit and loss account**
–		-1,596	-1,596	– revaluations on equity securities at fair value through OCI
– unrealised revaluations on property in own use	3	-1	2	– revaluations on property in own use
– remeasurement of the net defined benefit asset/liability	68		68	– remeasurement of the net defined benefit asset/liability
Items that will not be reclassified to the profit and loss account:	**71**	**-1,597**	**-1,526**	**Items that will not be reclassified to the profit and loss account:**
Total other comprehensive income	**-16,633**	**14,203**	**-2,430**	**Total other comprehensive income**
Total comprehensive income	**-15,067**	**-14,266**	**-801**	**Total comprehensive income**
Comprehensive income attributable to:				**Comprehensive income attributable to:**
Shareholders of the parent	-15,014	14,263	-751	Shareholders of the parent
Minority interests	-53	3	-50	Minority interests
Total comprehensive income	**-15,067**	**14,266**	**-801**	**Total comprehensive income**

52 Other IFRS 9 and IFRS 17 transition disclosures continued

Reconciliation of Consolidated statement of cash flows 2022

Statement of cash flows item – as reported under IAS 39 and IFRS 4	Reported amount	Adjustment	Adjusted amount	Restated cash flow item – with IFRS 9 and IFRS 17
Result before tax	1,660	87	1,747	Result before tax
Adjusted for:				Adjusted for:
– depreciation and amortisation	146		146	– depreciation and amortisation
– deferred acquisition costs and value of business acquired	7	-7		
– underwriting expenditure (change in insurance liabilities)	-1,555	-3,871	-5,426	– change in (re) insurance contracts and investment contracts
– realised results and impairments of available-for-sale investments	267	5,908	6,175	– realised results and impairments on investments
– other	54	789	843	– other
		-2,565	-2,565	– net premiums, claims and attributable expenses on (re) insurance contracts
Tax paid (received)	-145		-145	Tax paid (received)
Changes in:				Changes in:
– loans	-889	-31	-920	– investments at cost
– other financial assets at fair value through profit or loss	241	-241		– investments at fair value through profit or loss
– non-trading derivatives	424	343	767	– derivatives
– other assets	-3,920	11	-3,909	– other assets
– customer deposits and other funds on deposit	200		200	– customer deposits
–financial liabilities at fair value through profit or loss - non-trading derivatives	343	-343		
– other liabilities	-5,015	-17	-5,032	– other liabilities
Net cash flow from operating activities	**-8,182**	**63**	**-8,119**	**Net cash flow from operating activities**
Investments and advances:				**Investments and advances:**
– group companies, net of cash acquired	-547		-547	– group companies, net of cash acquired
– available-for-sale investments	-24,702	-3,473	-28,175	– investments at fair value through OCI
– loans	-5,339	5,339		– investments at cost
		-11,422	-11,422	– investments at fair value through profit or loss
– associates and joint ventures	-766		-766	– investments in associates and joint ventures
– real estate investments	-136		-136	– investments in real estate
– property and equipment	-38	38		
– investments for risk of policyholders	-9,270	9,270		
– other investments	-69	-38	-107	– other investments
Disposals and redemptions:				Disposals and redemptions:
– group companies	1,508		1,508	– group companies
– available-for-sale investments	30,909	3,262	34,171	– investments at fair value through OCI
– loans	4,257	-4,198	59	– investments at cost
		10,352	10,352	– investments at fair value through profit or loss
– associates and joint ventures	971		971	– investments in associates and joint ventures
– real estate investments	100		100	– investments in real estate
– property and equipment	4	-4		
– investments for risk of policyholders	9,193	-9,193		
– other investments		4	4	– other investments
Net cash flow from investing activities	**6,075**	**-63**	**6,012**	**Net cash flow from investing activities**

52 Other IFRS 9 and IFRS 17 transition disclosures continued

Reconciliation of Consolidated statement of cash flows 2022 continued

Statement of cash flows item – as reported under IAS 39 and IFRS 4	Reported amount	Adjustment	Adjusted amount	Restated cash flow item – with IFRS 9 and IFRS 17
Proceeds from subordinated debt	494		494	Proceeds from issuance of subordinated notes
Repayments of subordinated debt	-500		-500	Repayments of subordinated notes
Repayments of debt securities issued	-600		-600	Repayments of debt instruments issued
Proceeds from other borrowed funds	10,091	-1	10,090	Proceeds from other borrowed funds
Repayments of other borrowed funds	-5,716		-5,716	Repayments of other borrowed funds
Dividend paid	-536	1	-535	Dividend paid
Purchase/sale of treasury shares	-1,391		-1,391	Purchase (sale) of treasury shares
Coupon on undated subordinated notes	-78		-78	Coupon on undated subordinated notes
Net cash flow from financing activities	**1,764**	**0**	**1,764**	**Net cash flow from financing activities**
Net cash flow	**-343**	**0**	**-343**	**Net cash flow**

52 Other IFRS 9 and IFRS 17 transition disclosures continued

Reconciliation of Consolidated statement of changes in equity 2022

Statement of changes in equity item – as reported under IAS 39 and IFRS 4	Reported amount	Adjustment	Adjusted amount	Restated changes in equity item – with IFRS 9 and IFRS 17
Balance at 1 January 2022	34,918	-11,286	23,632	Balance at 1 January 2022
–		25,882	25,882	Finance result on (re) insurance contracts recognised in OCI
Unrealised revaluations on available-for-sale investments and other	-15,705	-5,021	-20,726	Revaluations on debt securities at fair value through OCI
–		-1,596	-1,596	Revaluations on equity securities at fair value through OCI
Realised gains (losses) transferred to the profit and loss account	112	-133	-21	Realised gains (losses) transferred to the profit and loss account
Changes in cash flow hedge reserve	-5,942	-1	-5,943	Changes in cash flow hedge reserve
Deferred interest credited to policyholders	4,986	-4,986		–
Share of OCI of associates and joint ventures	9		9	Share of OCI of investments in associates and joint ventures
Exchange rate differences	-164	59	-105	Foreign currency exchange difference
Remeasurement of the net defined benefit asset/liability	68		68	Remeasurement of the net defined benefit asset/liability
Unrealised revaluations on property in own use	3	-1	2	Unrealised revaluations on property in own use
Total amount recognised directly in equity (OCI)	**-16,633**	**14,203**	**-2,430**	**Total amount recognised directly in equity (OCI)**
Net result from continuing and discontinued operations	1,566	63	1,629	Net result for the period
Total comprehensive income	**-15,067**	**14,266**	**-801**	**Total comprehensive income**
Dividend	-535		-535	Dividend
Purchase (sale) of treasury shares	-1,392	1	-1,391	Purchase (sale) of treasury shares
Employee stock option and share plans	-6		-6	Employee stock option and share plans
Coupon on undated subordinated notes	-58		-58	Coupon on undated subordinated notes
Changes in the composition of the group and other changes	-28	288	260	Changes in the composition of the group and other changes
Balance at 31 December 2022	**17,832**	**3,269**	**21,101**	**Balance at 31 December 2022**

Authorisation of the Consolidated annual accounts

The Consolidated annual accounts of NN Group N.V. for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Executive Board on 20 March 2024. The Executive Board may decide to amend the Consolidated annual accounts as long as these are not adopted by the General Meeting.

The General Meeting may decide not to adopt the Consolidated annual accounts, but may not amend these during the meeting. The General Meeting can decide not to adopt the Consolidated annual accounts, propose amendments and then adopt the Consolidated annual accounts after a normal due process.

The Hague, 20 March 2024

The Supervisory Board

D.A. (David) Cole, chair
P.F.M. (Pauline) van der Meer Mohr, vice-chair
I.K. (Inga) Beale
R.W. (Robert) Jenkins
R.J.W. (Rob) Lelieveld
C.G. (Cecilia) Reyes
J.W. (Hans) Schoen

The Executive Board

D.E. (David) Knibbe, CEO, chair
A.T.J. (Annemiek) van Melick, CFO, vice-chair

Parent company balance sheet

As at 31 December before appropriation of result	notes	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Assets				
Intangible assets	2	234	251	264
Investments in group companies	3	21,329	20,409	23,244
Investments in debt securities at fair value through OCI	4	1,650	2,398	3,918
Other assets	5	3,619	5,484	5,821
Total assets		**26,832**	**28,542**	**33,247**
Equity				
Share capital		34	35	38
Share premium		12,579	12,578	12,575
Share of associates reserve		2,447	2,642	5,387
Retained earnings		3,392	2,376	45
Unappropriated result		1,172	1,634	3,579
Shareholders' equity		**19,624**	**19,265**	**21,624**
Undated subordinated notes		1,416	1,764	1,764
Total equity	6	**21,040**	**21,029**	**23,388**
Liabilities				
Subordinated debt	7	2,680	2,333	1,837
Other liabilities	8	3,112	5,180	8,022
Total liabilities		**5,792**	**7,513**	**9,859**
Total equity and liabilities		**26,832**	**28,542**	**33,247**

References relate to the notes starting with Note 1 'Accounting policies for the Parent company annual accounts'. These form an integral part of the Parent company annual accounts.

Reference is made to Note 1 'Accounting policies' of the Consolidated annual accounts for the impact of the adoption of IFRS 9 and IFRS 17. Comparative information was restated accordingly.

Parent company profit and loss account

	2023	2022 (Restated)
Result group companies	1,310	1,798
Net fee and commission income	-3	-3
Other income	301	116
Total income	**1,608**	**1,911**
Amortisation of intangible and other impairments	18	18
Interest expenses	248	145
Operating expenses	199	177
Total expenses	**465**	**340**
Result before tax	**1,143**	**1,571**
Taxation	-29	-62
Net result	**1,172**	**1,633**

Parent company statement of changes in equity (2023)

	Share capital	Share premium	Share of associates reserve	Other reserves	Total Shareholders' equity	Undated subordinated notes	Total equity
Balance at 1 January 2023	**35**	**12,578**	**2,642**	**4,010**	**19,265**	**1,764**	**21,029**
Finance result on insurance contracts recognised in OCI			-2,634		-2,634		-2,634
Finance result on reinsurance contracts recognised in OCI			-15		-15		-15
Revaluations on debt securities at fair value through OCI			1,855	11	1,866		1,866
Revaluations on loans at fair value through OCI			732		732		732
Realised gains (losses) transferred to the profit and loss account			248		248		248
Changes in cash flow hedge reserve			-53		-53		-53
Share of OCI of investments in associates and joint ventures			-9		-9		-9
Foreign currency exchange differences			-80		-80		-80
Revaluations on equity securities at fair value through OCI			270		270		270
Remeasurement of the net defined benefit asset/liability			-12		-12		-12
Unrealised revaluations on property in own use			-1		-1		-1
Total amount recognised directly in equity (Other comprehensive income)	**0**	**0**	**301**	**11**	**312**	**0**	**312**
Net result for the period				1,172	1,172		1,172
Total comprehensive income	**0**	**0**	**301**	**1,183**	**1,484**	**0**	**1,484**
Issuance of undated subordinated notes				0		-348	-348
Changes in share capital	-1	1		0			0
Transfer to/from associates			-496	496			0
Dividend				-422	-422		-422
Purchase (sale) of treasury shares				-632	-632		-632
Employee stock option and share plans				1	1		1
Coupon on undated subordinated notes				-57	-57		-57
Changes in the composition of the group and other changes				-15	-15		-15
Balance at 31 December 2023	**34**	**12,579**	**2,447**	**4,564**	**19,624**	**1,416**	**21,040**

1 Other reserves include Retained earnings and Unappropriated result.

Parent company statement of changes in equity (2022) (Restated)

	Share[1] capital	Share premium	Share of associates reserve	Other reserves	Total Shareholders' equity	Undated subordinated notes	Total equity
Balance as reported at 31 December 2021	**38**	**12,575**	**16,651**	**3,624**	**32,888**	**1,764**	**34,652**
Impact (net of tax) of IFRS 9			2,623		2,623		2,623
Impact (net of tax) of IFRS 17			-13,887		-13,887		-13,887
Balance at 1 January 2022 (Restated)	**38**	**12,575**	**5,387**	**3,624**	**21,624**	**1,764**	**23,388**
Finance result on insurance contracts recognised in OCI			26,025		26,025		26,025
Finance result on reinsurance contracts recognised in OCI			-143		-143		-143
Revaluations on debt securities at fair value through OCI			-14,046	60	-13,986		-13,986
Revaluations on loans at fair value through OCI			-6,695		-6,695		-6,695
Realised gains (losses) transferred to the profit and loss account			-21		-21		-21
Changes in cash flow hedge reserve			-5,943		-5,943		-5,943
Share of OCI of investments in associates and joint ventures			9		9		9
Foreign currency exchange differences			-105		-105		-105
Revaluations on equity securities at fair value through OCI			-1,596		-1,596		-1,596
Remeasurement of the net defined benefit asset/liability			68		68		68
Unrealised revaluations on property in own use			2		2		2
Total amount recognised directly in equity (Other comprehensive income)	**0**	**0**	**-2,445**	**60**	**-2,385**	**0**	**-2,385**
Net result for the period				1,634	1,634		1,634
Total comprehensive income	**0**	**0**	**-2,445**	**1,694**	**-751**	**0**	**-751**
Changes in share capital	-3	3			0		0
Transfer to/from associates			-300	300	0		0
Dividend				-413	-413		-413
Purchase (sale) of treasury shares				-1,391	-1,391		-1,391
Employee stock option and share plans				-6	-6		-6
Coupon on undated subordinated notes				-58	-58		-58
Changes in the composition of the group and other changes				260	260		260
Balance at 31 December 2022 (Restated)	**35**	**12,578**	**2,642**	**4,010**	**19,265**	**1,764**	**21,029**

1 Other reserves include Retained earnings and Unappropriated result.

1 Accounting policies for the Parent company annual accounts

The parent company accounts of NN Group N.V. are prepared in accordance with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The accounting policies applicable to presentation and disclosures are in accordance with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The principles of valuation and determination of results stated in connection with the Consolidated balance sheet and profit and loss account are also applicable to the parent company balance sheet and profit and loss account with the exception of investments in group companies and Associates and joint ventures which are recognised at net asset value with goodwill, if any, recorded under intangible assets.

A list containing the information referred to in Article 379 (1), Book 2 of the Dutch Civil Code has been filed with the Commercial Register of the Chamber of Commerce in Amsterdam in accordance with Article 379 (5), Book 2 of the Dutch Civil Code.

Changes in balance sheet values due to changes in the revaluation reserves of associates are reflected in the ‘Share of associates reserve’, which forms part of shareholders’ equity. Changes in balance sheet values due to the results of these associates, accounted for in accordance with NN Group accounting policies, are included in the profit and loss account. Other changes in the balance sheet value of these associates, other than those due to changes in share capital, are included in the ‘Share of associates reserve’.

A legal reserve is carried at an amount equal to the share in the results of associates since their first inclusion at net asset value less the amount of profit distributions to which rights have accrued in the interim. Profit distributions which can be repatriated to the Netherlands without restriction are likewise deducted from the ‘Share of associates reserve’.

2 Intangible assets

Intangible assets

	2023	2022 (Restated)
Goodwill	148	148
Other intangible assets	86	103
Intangible assets	**234**	**251**

Reference is made to Note 9 ‘Intangible assets’ in the Consolidated annual accounts.

3 Investments in group companies

Investments in group companies

Name	Statutory seat	Interest held 2023	Balance sheet value 2023	Interest held 2022 (Restated)	Balance sheet value 2022 (Restated)
NN Insurance Eurasia N.V.	Amsterdam, The Netherlands	100%	20,307	100%	19,548
NN Bank N.V.	The Hague, The Netherlands	100%	919	100%	786
Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V.	Zwolle, The Netherlands	51%	74	51%	67
NN Insurance International B.V.	The Hague, The Netherlands	100%	29	100%	8
Investments in group companies			**21,329**		**20,409**

3 Investments in group companies continued

Changes in Investments in group companies

	2023	2022 (Restated)
Investments in group companies – opening balance	20,409	23,243
Revaluations	285	-2,303
Result of group companies	1,310	1,961
Capital contributions	698	352
Dividend and repayments	-1,368	-3,007
Changes in the composition of the group and other changes	-5	163
Investments in group companies – closing balance	**21,329**	**20,409**

4 Investments in debt securities at fair value through other comprehensive income

Changes in Investments in debt securities at fair value through other comprehensive income

	2023	2022 (Restated)
Opening balance	2,398	3,918
Additions	7,250	11,293
Disposals and redemptions	-8,038	-12,813
Revaluations	3	
Amortisation	37	
Closing balance	**1,650**	**2,398**

5 Other assets

Other assets

	2023	2022 (Restated)
Receivables from group companies	2,563	2,489
Cash	570	2,365
Investments at fair value through profit or loss - for risk of company	367	283
Other receivables, prepayments and accruals	119	347
Other assets	**3,619**	**5,484**

As at 31 December 2023, an amount of EUR 1,060 million (2022: EUR 1,838 million) is expected to be settled after more than one year from the balance sheet date.

6 Equity

Total equity

	2023	2022 (Restated)
Share capital	34	35
Share premium	12,579	12,578
Share of associates reserve	2,447	2,642
Other reserves	4,564	4,010
Shareholders' equity	**19,624**	**19,265**
Undated subordinated notes	1,416	1,764
Total equity	**21,040**	**21,029**

As at 31 December 2023, share premium includes an amount of EUR 6,387 million (2022: EUR 6,388 million) exempt from Dutch withholding tax.

Share capital

	Ordinary shares (in number)		Ordinary shares (Amount in millions of euros)	
	2023	2022 (Restated)	2023	2022 (Restated)
Authorised share capital	700,000,000	700,000,000	84	84
Unissued share capital	415,000,000	405,000,000	50	49
Issued share capital	**285,000,000**	**295,000,000**	**34**	**35**

For details on share capital and share premium, reference is made to Note 12 ‘Equity’ in the Consolidated annual accounts.

Changes in Other reserves (2023)

2023	Retained earnings	Unappropriated result	Total
Other reserves – opening balance	2,376	1,634	4,010
Net result for the period		1,172	1,172
Revaluations on debt securities and loans at fair value through OCI	11		11
Transfer from (to) share of associates reserve	496		496
Transfer from (to) retained earnings	1,634	-1,634	0
Dividend	-422		-422
Purchase (sale) of treasury shares	-632		-632
Employee stock option and share plans	1		1
Coupon on undated subordinated notes	-57		-57
Changes in the composition of the group and other changes	-15		-15
Other reserves – closing balance	**3,392**	**1,172**	**4,564**

6 Equity continued

Changes in Other reserves (2022) (Restated)

2022 (Restated)	Retained earnings	Unappropriated result	Total
Other reserves – opening balance	45	3,579	3,624
Net result for the period		1,634	1,634
Revaluations on debt securities and loans at fair value through OCI	60		60
Transfer from (to) share of associates reserve	300		300
Transfer from (to) retained earnings	3,579	-3,579	0
Dividend	-413		-413
Purchase (sale) of treasury shares	-1,391		-1,391
Employee stock option and share plans	-6		-6
Coupon on undated subordinated notes	-58		-58
Changes in the composition of the group and other changes	260		260
Other reserves – closing balance	**2,376**	**1,634**	**4,010**

The total amount of Equity in the Parent company annual accounts equals Shareholders' equity (parent) in the Consolidated annual accounts. Certain components within equity are different, as a result of the following presentation differences between the Parent company accounts and Consolidated accounts:

- Unrealised revaluations within consolidated group companies, presented in the 'Revaluation reserve' in the Consolidated annual accounts, are presented in the 'Share of associates reserve' in the Parent company annual accounts
- Foreign currency translation on consolidated group companies, presented in the 'Currency translation reserve' in the Consolidated annual accounts, is presented in the 'Share of associates reserve' in the Parent company annual accounts
- Remeasurement of the net defined benefit asset/liability within consolidated group companies presented in the 'Net defined benefit asset/liability remeasurement reserve' in the Consolidated annual accounts, are presented in the 'Share of associates reserve' in the Parent company annual accounts
- Non-distributable retained earnings of associates presented in 'Other reserves' in the Consolidated annual accounts, are presented in the 'Share of associates reserve' in the Parent company annual accounts
- Revaluations on real estate investments, capitalised software and certain participations recognised in income and consequently presented in 'Retained earnings' in the Consolidated annual accounts, are presented in the 'Share of associates reserve' in the Parent company annual accounts

Distributable reserves

NN Group N.V. is subject to legal restrictions regarding the amount of dividends it can pay to its shareholders. These restrictions come from two sources: the national civil code and capital requirements from prudential supervision. Total freely distributable reserves are the minimum of freely distributable capital on the basis of solvency requirements (Eligible Own Funds in excess of the Solvency Capital Requirement) and freely distributable equity based on requirements in the Dutch civil code.

The Dutch Civil Code contains the restriction that in case of negative balances in individual reserves legally to be retained, no distributions can be made out of retained earnings to the level of these negative amounts. (Non-)distributable reserves are determined per legal entity and cannot be offset between legal entities in the Group.

The net position of the accumulated revaluations on investments and the accumulated revaluations on (re) insurance contracts is used for determining (non-)distributable reserves. The accumulated revaluations on insurance contracts consist of accumulated revaluations as recognised in the consolidated balance sheet and estimated revaluations for insurance contracts for which the accumulated amount was set to zero at the first of January 2022.

In addition, NN Group's ability to pay dividends is dependent on the dividend payment ability of its subsidiaries, associates and joint ventures. NN Group is legally required to create a non-distributable reserve insofar profits of its subsidiaries, associates and joint ventures are subject to dividend payment restrictions. Such restrictions may among others be of a similar nature as the restrictions which apply to NN Group.

Legally distributable reserves, determined in accordance with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code, from NN Group's subsidiaries, associates and joint ventures are as follows:

6 Equity continued

Distributable reserves based on the Dutch Civil Code

	2023	2023	2022 (Restated)	2022 (Restated)
Shareholders' equity		19,624		19,265
Share capital	34		35	
Non-distributable reserves	2,352		2,883	
Total non-distributable part of shareholders' equity:		2,386		2,918
Distributable reserves based on the Dutch Civil Code		**17,238**		**16,347**

The Dutch supervisory rules and regulations stemming from the Dutch Financial Supervision Act (Wet op het financieel toezicht) provide a second restriction on the possibility to distribute dividends. Total freely distributable reserves is the minimum of freely distributable capital on the basis of solvency requirements and freely distributable capital on the basis of capital protection.

Freely distributable reserves

	2023	2023	2022 (Restated)	2022 (Restated)
Solvency requirement under the Financial Supervision Act	8,990		9,040	
Reserves available for financial supervision purposes	17,691		17,822	
Total freely distributable reserves on the basis of solvency requirements		8,701		8,782
Total freely distributable reserves on the basis of the Dutch Civil Code		17,238		16,347
Total freely distributable reserves (lower of the values above)		**8,701**		**8,782**

Reference is made to Note 51 'Capital and liquidity management' in the Consolidated annual accounts for more information on solvency requirements.

Other restrictions

There are other restrictions to the ability of subsidiaries, associates and joint ventures to distribute reserves to NN Group as a result of minimum capital requirements that are imposed by industry regulators in the countries in which the group companies operate. Reference is made to Note 51 'Capital and liquidity management' in the Consolidated annual accounts for the minimum capital requirements.

In addition to the legal and regulatory restrictions on distributing dividends from subsidiaries, associates and joint ventures to NN Group there are various other considerations and limitations that are taken into account in determining the appropriate levels of equity in the Group's subsidiaries, associates and joint ventures. These considerations and limitations include, but are not restricted to, rating agency and regulatory views, which can change over time; it is not possible to disclose a reliable quantification of these limitations.

Without prejudice to the authority of the Executive Board to allocate profits to reserves and to the fact that the ordinary shares are the most junior securities issued by NN Group, no specific dividend payment restrictions with respect to ordinary shares exist.

Furthermore, NN Group is subject to legal restrictions with respect to repayment of capital to holders of ordinary shares. Capital may be repaid to the holders of ordinary shares pursuant to an amendment of NN Group's Articles of Association whereby the ordinary shares are written down. Pursuant to the Dutch Civil Code, capital may only be repaid if none of NN Group's creditors opposes such a repayment within two months following the announcement of a resolution to that effect.

Undated subordinated notes

In April 2023 NN Group announced a tender for purchase by NN Group for cash of outstanding subordinated notes. The tender was completed in May 2023 and NN Group accepted the purchase of EUR 1 billion in nominal amount. This includes EUR 665 million of subordinated notes previously classified as liabilities in the balance sheet and EUR 335 million previously classified in equity. Reference is made to Note 7 'Subordinated debt'.

6 Equity continued

In July 2014, NN Group N.V. issued fixed to floating rate undated subordinated notes with a par value of EUR 1,000 million. The notes are undated, but are callable after 11.5 years and every quarter thereafter (subject to regulatory approval). The coupon is fixed at 4.50% per annum for the first 11.5 years and will be floating thereafter. As these notes are undated and include optional deferral of interest at the discretion of NN Group, these are classified under IFRS-EU as equity. Coupon payments are deducted from equity if and when paid or contractually due. The discount to the par value and certain issue costs were deducted from equity at issue, resulting in a balance sheet value equal to the net proceeds of EUR 986 million.

In June 2014, fixed to floating rate undated subordinated notes with a par value of EUR 750 million were originally issued by Delta Lloyd which are classified as equity under IFRS. The notes are undated, but are callable as from 13 June 2024 and every quarter thereafter (subject to regulatory approval). The coupon is fixed at 4.375% per annum until 13 June 2024 and will be floating thereafter. Coupon payments are distributed out of equity if and when paid or contractually due. These notes were recognised upon acquisition of Delta Lloyd for an amount of EUR 778 million.

7 Subordinated debt

Subordinated debt (2023)

				Notional amount		Balance sheet value	
Interest rate	Year of Issue	Due date	First call date	2023	2022 (Restated)	2023	2022 (Restated)
4.625%	2014	8 April 2044	8 April 2024	335	1,000	335	997
4.625%	2017	13 January 2048	13 January 2028	850	850	844	843
5.250%	2022	1 March 2043	30 August 2032	500	500	494	494
6.000%	2023	3 November 2043	3 May 2033	1,000		1,007	
						2,680	**2,334**

The above subordinated debt instruments have been issued to raise hybrid capital. Under IFRS-EU these debt instruments are classified as liabilities and are considered capital for regulatory purposes. All subordinated debt is euro denominated.

8 Other liabilities

Other liabilities

	2023	2022 (Restated)
Debt instruments issued	1,195	1,694
Amounts owed to group companies	1,790	3,323
Other amounts owed and accrued liabilities	127	163
Other liabilities	**3,112**	**5,180**

Amounts owed to group companies by remaining term

	2023	2022 (Restated)
Within 1 year	1,790	3,323
Amounts owed to group companies	**1,790**	**3,323**

9 Other

NN Group N.V. has issued statements of liability in connection with Article 403, Book 2 of the Dutch Civil Code and other guarantees (mainly funding and redemption guarantees) for group companies.

Reference is made to the Consolidated annual accounts for the number of employees, audit fees and remuneration of the Executive Board, the Management Board and the Supervisory Board.

Authorisation of the Parent company annual accounts

The Parent company annual accounts of NN Group N.V. for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Executive Board on 20 March 2024. The Executive Board may decide to amend the Parent company annual accounts as long as these are not adopted by the General Meeting.

The General Meeting may decide not to adopt the Parent company annual accounts, but may not amend these during the meeting. The General Meeting can decide not to adopt the Parent company annual accounts, propose amendments and then adopt the Parent company annual accounts after a normal due process.

The Hague, 20 March 2024

The Supervisory Board

D.A. (David) Cole, chair
P.F.M. (Pauline) van der Meer Mohr, vice-chair
I.K. (Inga) Beale
R.W. (Robert) Jenkins
R.J.W. (Rob) Lelieveld
C.G. (Cecilia) Reyes
J.W. (Hans) Schoen

The Executive Board

D.E. (David) Knibbe, CEO, chair
A.T.J. (Annemiek) van Melick, CFO, vice-chair

Independent auditor's report

To: The General Meeting of Shareholders and the Supervisory Board of NN Group N.V.

Report on the audit of the annual accounts 2023 included in the annual report

Our opinion

In our opinion:

— the accompanying consolidated annual accounts give a true and fair view of the financial position of NN Group N.V. ('the Group') as at 31 December 2023 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and in accordance with Part 9 of Book 2 of the Dutch Civil Code; and

— the accompanying parent company annual accounts give a true and fair view of the financial position of NN Group N.V. as at 31 December 2023 and of its results for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the 2023 annual accounts of NN Group N.V. based in Amsterdam and headquartered in The Hague, as set out on pages 168 to 344 of the annual report. The annual accounts include the consolidated annual accounts and the parent company annual accounts.

The consolidated annual accounts comprise:

1 the consolidated balance sheet as at 31 December 2023;
2 the following consolidated statements for 2023: the profit and loss account, the statements of comprehensive income, cash flows and changes in equity; and
3 the notes comprising material accounting policy information and other explanatory information.

The parent company accounts comprise:

1 the parent company balance sheet as at 31 December 2023;
2 the parent company profit and loss account for 2023; and
3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the annual accounts' section of our report.

We are independent of NN Group N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the annual accounts as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations, climate change and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Summary

Materiality

- Materiality of EUR 200 million
- 1% of shareholders' equity

Group audit

- Audit coverage of 90% of shareholders' equity
- Audit coverage of 97% of total assets

Risk of material misstatements related to Fraud, NOCLAR, Going concern and Climate change

- Fraud risks: presumed risk of management override of controls and presumed risk of revenue recognition as further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'
- Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatements related to NOCLAR risks identified
- Going concern risks: no going concern risks identified
- Climate-related risks: we have considered the impact of the risks of climate change on the annual accounts and described our approach and observations in the section 'Audit response to risks of climate change'

Key audit matters
• Initial application of IFRS 17 • Valuation of insurance contract liabilities for life and disability insurance contracts applying the General Measurement Model Approach • Unit-linked exposure • Valuation of illiquid investments

Materiality

Based on our professional judgement we determined the materiality for the annual accounts as a whole at EUR 200 million (2022: EUR 140 million). The materiality is determined with reference to shareholders' equity and amounts to 1%. We deem the increase from EUR 140 million to EUR 200 million appropriate as the relative impact of 1% remains similar to previous years.

In 2022 we determined our materiality based on 1% of shareholders' equity minus revaluation reserves to take into account the valuation mismatch between insurance contract liabilities measured at locked-in assumptions and investments measured at fair value through other comprehensive income. This mismatch disappeared with the application of IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* in 2023 and therefore we use shareholders' equity (unadjusted) as from this year.

We consider shareholders' equity as the most appropriate benchmark based on our assessment of the general information needs of the users of the annual accounts of insurance companies.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the annual accounts for qualitative reasons.

We agreed with the Audit Committee of the Supervisory Board that misstatements identified during our audit in excess of EUR 10 million (2022: EUR 7 million) would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

NN Group N.V. is at the head of a group of components. The financial information of this group is included in the consolidated annual accounts of the Group. The components of the Group are structured along six segments: Netherlands Life, Netherlands Non-life, Insurance Europe, Japan Life, Banking and Other, each comprising multiple legal entities and/or covering different countries.

Our group audit mainly focused on significant components. These significant components are either individually financially significant due to their relative size within the Group or because we assigned a significant risk of material misstatement to one or more account balances of the component. In addition, we included certain components in the scope of our group audit in order to arrive at a sufficient coverage for all relevant significant account balances.

All components in scope for group reporting purposes are audited by KPMG member firms. We sent audit instructions to all component auditors, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported to the group audit team. We visited locations in the Netherlands, Spain, Belgium, Poland and Czech Republic, where we met with local management and discussed the audit work performed with the local audit teams and performed detailed file reviews.

With all components in scope of our group audit, we discussed the planning, risk assessment, procedures performed, findings and observations reported to the group auditor and any additional work deemed necessary by the group audit team was then performed.

The group audit team has set component materiality levels, which ranged from EUR 10 million to EUR 150 million, based on the mix of size and risk profile of the components within the Group.

The consolidation of the Group, the disclosures in the annual accounts and certain accounting topics are audited by the group audit team. The topics on which audit procedures are performed by the group audit team include, but are not limited to, assessment of the use of the going concern assumption, intangible assets including goodwill, equity, staff expenses and other operating expenses in the Netherlands, centralised processes, certain elements of the risk and capital management disclosures, corporate income tax for the Dutch fiscal unity and legal proceedings.

By performing the procedures mentioned above at components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the Group's financial information to provide an opinion about the annual accounts.

Our procedures as described above can be summarized as follows:

KPMG

Shareholders' equity

77 %	13%	10 %
Audit of the complete reporting package	Audit of specific Items	Covered by additional procedures performed at group level

Total assets

89%	8%	3%
Audit of the complete reporting package	Audit of specific items	Covered by additional procedures performed at group level

Audit response to the risk of fraud and non-compliance with laws and regulations

As part of our audit, we have gained insights into the Group and its business environment and the Group's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Group's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the Executive Board, the Supervisory Board and other relevant functions, such as Corporate Audit Services, Legal Counsel and Compliance and included correspondence with relevant supervisory authorities and regulators in our evaluation. We involved forensic specialists for the execution of our audit. We have also incorporated elements of unpredictability in our audit, such as rotation in scoping and enquiries with officers of the Group's Corporate Security department.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Group.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the annual accounts in case of non-compliance:

- Wet op het financieel toezicht (Wft) (including the European Solvency II directives);
- Financial and economic crime (FEC) related laws and regulations; and
- Data privacy regulation (GDPR).

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards in respect of management override of controls and revenue recognition.

KPMG

We have responded as follows:

Management override of controls (a presumed fraud risk)

Risk

Management is in a unique position to manipulate accounting records and prepare fraudulent annual accounts by overriding controls that otherwise appear to be operating effectively such as those related to journal entries and accounting estimates which require significant judgement such as the valuation of insurance liabilities and investments.

Response

- We assessed the design and the implementation of internal controls that mitigate the risk of fraud such as processes related to journal entries and key estimates.
- We performed data analysis of high-risk journal entries and evaluated key estimates and judgements for bias by the Group, including retrospective reviews of prior year's estimates.
- Where we identified instances of unexpected journal entries or other risks through our data analysis we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- We incorporated elements of unpredictability in our audit, such as rotation in scoping and enquiries with officers of the Group's Corporate Security department.
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.

We refer to the key audit matters below that provide information of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

Revenue recognition (a presumed fraud risk)

Risk and response

Insurance revenue for the period based on the General Measurement Model Approach (GMM) is to a large extent determined by the key assumptions made for the measurement of related insurance contract liabilities. We have covered our assessment of the risk of fraudulent revenue recognition and our response thereto in the key audit matter below "Valuation of insurance contract liabilities for life and disability insurance contracts applying the General Measurement Model Approach".

We communicated our risk assessment, audit responses and results to management and the Audit Committee of the Supervisory Board. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Executive Board has performed its going concern assessment and has not identified any going concern risks. To assess management's assessment, we have performed, inter alia, the following procedures:

- We considered whether management's assessment of the going concern risks included all relevant information of which we are aware as a result of our audit.
- We assessed whether the scenarios included in the Own Risk Solvency Assessment (ORSA) and Preparatory Crisis Plan that were submitted to De Nederlandsche Bank N.V. (the Dutch Central Bank, DNB) and other regulatory correspondence indicate a significant going concern risk.
- We considered whether the outcome of our audit procedures on the Group's financial position and Solvency II capital position indicate a significant going concern risk.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Audit response to risks of climate change

The Group has set out its commitments and ambitions relating to climate change in the annual report. This includes the commitment to reduce greenhouse gas (GHG) emissions to net-zero in its own operations by 2040, as well as in the investment portfolio and insurance underwriting by 2050.

The Executive Board is responsible for preparing the annual accounts in accordance with the applicable financial reporting framework, including considering whether the implications from climate change risks and commitments have been appropriately accounted for and disclosed.

Climate change represents a key risk for the Group through which they are exposed via both sides of the balance sheet: through the valuation of investments on the asset side and insurance exposures on the liability side. The Group identified the risk of climate change as an emerging risk which is still developing and could affect the viability of the Group's strategy.

Chapter 2 of the annual report 'Our operating environment' provides an overview of material sustainability matters for the group based on a double materiality assessment and highlighting that climate change adaption and mitigation belong to the most material sustainability topics. Chapter 5 of the annual report 'Managing our risks' provides an overview of the Group's risk management approach to sustainability risks including the risks of climate change. Climate change risk management is also covered in the Risk Management paragraph in Note 50 of the annual accounts.

We have performed a risk assessment of the potential impact of climate change on the 2023 annual accounts and disclosures, including significant judgements and estimates in the annual accounts to determine whether the annual accounts are free from material misstatement. For that purpose we have made enquiries of the Sustainability Officer of the Management Board and other management to understand the extent of the potential impact of climate change risk on the annual accounts, we have evaluated climate related fraud risk factors where none have been identified, inspected minutes and other documentation as well as external communications by the Group regarding significant climate related commitments, strategies and plans made by management. In performing our procedures we involved our own climate risk experts to assist with our risk assessment.

Based on the procedures performed above, we did not identify a risk of material misstatement specific to the risk of climate change in the 2023 annual accounts under the requirements of the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code and no material impact on our key audit matters. We audited Note 50 'Risk Management' of the annual accounts and assess the climate change related disclosure as balanced.

Furthermore we have read the 'Other information' as included in the annual report with respect to climate change related risks and considered whether such information contains material inconsistencies with the annual accounts or our knowledge obtained through the audit, in particular as described above and our knowledge obtained otherwise.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts. We have communicated the key audit matters to the Executive Board and the Audit Committee of the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the annual accounts as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

With the initial application of IFRS 17 *Insurance contracts* as from 1 January 2023 we have amended and updated our approach for the audit of insurance contract liabilities which resulted in a revised key audit matter on this topic : 'Valuation of insurance contract liabilities for life and disability insurance contracts applying the General Measurement Model Approach'. Given the complexity of IFRS 17 and the significant effort and management judgment required to implement the new standard, we paid significant attention to address the risk of material misstatement from the initial application of IFRS 17 as at 1 January 2022 (transition date) for which we included the key audit matter 'Initial application of IFRS 17. For our audit of insurance contract liabilities under IFRS 17 we cover certain critical processes and controls that also form part of the Solvency II reporting chain. For that reason the key audit matter 'Solvency II disclosures' on which we reported last year has not been included anymore. Next to IFRS 17 also IFRS 9 *Financial instruments* has been applied for the first time this year. In Note 1 'Accounting policies' of the annual accounts management explained that the impact of IFRS 9 is most relevant to the remeasurement of investments in mortgages loans by the insurance entities from amortised cost to fair value. Our response thereto has been captured in key audit matter 'Valuation of Illiquid Investments'.

1. Initial application of IFRS 17

Description

IFRS 17 *Insurance Contracts* was implemented by the Group on 1 January 2023. This new standard requires the Group to measure insurance contract liabilities at current values which involves significant judgement and estimates and resulted in a significant decrease in shareholders' equity as of 1 January 2022 (transition date). We determined the initial application of IFRS 17 and related disclosures in the 2023 annual accounts to be a key audit matter because of the significance and complexity of the changes introduced by the standard, including a number of new estimates requiring significant management judgement such as the recognition of the Contractual Service Margin ('CSM').

Our response

- We assessed whether the judgements applied by management in determining their accounting policies are in accordance with IFRS 17 and challenged significant new accounting policies, choices and assumptions made against the requirements of the standard.
- We assessed the appropriateness of management's selection and application of the transition approaches for each group of insurance contracts to determine the transitional adjustments.
- Considering the relevance of the fair value approach for the Group at transition date in determining the transitional adjustments, we assessed, together with our actuarial specialists, key assumptions in the fair value of contractual cash flows, in particular the cost of capital rate used for the measurement of the risk adjustment and the applied discount rate.
- For the discount rate applied to determine the fair value of insurance contract liabilities we involved our valuation specialists to assess and challenge compliance with the requirements of IFRS 13 *Fair Value Measurement*. We also assessed consistency applied by management for the elements to determine the discount rate such as the used base curves and last liquid point.
- We assessed the selection of the General Measurement Models and Variable Fee Approach Measurement Models and the application thereof for the groups of contracts identified.
- We involved our actuarial specialists to evaluate the appropriateness of new methodologies and models including estimates and discounting of the IFRS 17 fulfilment cash flows, risk adjustment and CSM. This included consideration of the reasonableness of assumptions and judgements applied, including whether or not there was any indication of intentional management bias.
- We compared the outcome of the insurance contract liability measurement under IFRS 17 with the best estimate liability and risk margin under Solvency 2, using management's analysis and we assessed differences against our expectations for differences in measurement principles and assumptions.

- We assessed the appropriateness of quantitative and qualitative transitional disclosures included in Note 1 'Accounting Policies' of the 2023 annual accounts, against the requirements of the IFRS 17 standard.

Our observation

We consider the transitional impact from the initial application of IFRS 17 at transition date and related disclosures to be appropriate. Refer to Note 1 'Accounting Policies'.

2. Valuation of insurance contract liabilities for life and disability insurance contracts applying the General Measurement Model Approach

Description

Insurance and investment contract liabilities (in short: insurance liabilities) amount to EUR 148.829 million as at 31 December 2023, or 79% of total liabilities. The valuation of insurance liabilities involves the use of cash flow models and methodologies and requires significant management judgement over assumptions.

Elements that give rise to a significant risk of error are the use of incorrect assumptions in estimating the fulfillment cash flows under the General Measurement Model. Key assumptions for the valuation of life insurance contracts relate to expenses, inflation, longevity and the discount rate. For disability contracts key assumptions relate to morbidity and the discount rate.

As referred to in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations' in this audit opinion, assumption setting inherently include the risk of fraud that management may influence assumptions to manage the outcome of calculations and measurements. For example as management may feel the pressure to achieve certain key performance targets communicated internally and externally. We consider the most critical assumptions in this regard the longevity assumption and expense/inflation assumption for life insurance contracts and the morbidity assumption for disability contracts.

Given the financial significance, the level of judgement required and the inherent risk of fraud we considered the valuation of insurance contract liabilities for life and disability insurance contracts applying the General Measurement Model Approach a key audit matter.

Our response

Our audit approach is a mixture of controls testing and substantive audit procedures. Our procedures over internal controls focused on testing of controls around assumption setting and internal review procedures performed by the actuarial functions active in the components and at Group level. We also assessed the process for the internal validation and implementation of the models used for the valuation of the insurance liabilities.

With the assistance of our actuarial specialists we performed the following substantive audit procedures:

- We assessed the appropriateness of assumptions used in the valuation of the insurance liabilities for all significant components by reference to company data as well as relevant market and industry data.
- We tested the appropriateness of the data used, assumptions and methodologies applied in the valuation of insurance contract liabilities for all significant components.
- We assessed and tested the appropriateness of the discount rate and challenged the methodology used to determine the discount rate, including management's assessment of the last liquid point and the illiquidity premium of which the unexpected credit loss adjustment forms an integral part.
- We performed substantive analysis of developments in actuarial results and movements in provisions, the risk adjustment, CSM and other comprehensive income during the year and made corroborative inquiries with management and the Group Chief Actuary.
- For life insurance contracts, we also challenged and assessed:
  - The data used and expert judgment applied by management in determining the Covid-19 excess mortality impact on the level and trend of the longevity assumptions. We also derived our own estimate for such an impact based on publicly available mortality data and compared the outcome with management's estimate in order to identify potential indicators of management bias of assumptions changes made.
  - The appropriateness of management's estimate of expense cash flow projections for Life products, assessing the main assumptions underlying the expected wage cost development, inflation assumptions, future savings and the appropriateness of the allocation keys used to allocate expenses and determine the cost per policy.
  - Regarding expense inflation we reperformed management's regression analysis for estimating the impact of current inflation levels on long term inflation expectations for life insurance contracts. We challenged the modelling of 2022 and 2023 inflation data and expert judgment applied by management for outliers during these years using published authoritative available market data.
- For disability contracts we challenged and assessed the appropriateness of the morbidity assumption and assessed that the morbidity assumption is in line with historical data and expected developments.

Our observation

We consider the valuation of the insurance contract liabilities measured using the General Measurement Model Approach to be appropriate. We refer to Note 13 'Insurance contracts' of the annual accounts. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud that are considered material for our audit.

KPMG

3. Unit-linked exposure

Description

Holders of unit-linked products sold in the Netherlands, or interest groups on their behalf, have filed claims or initiated legal proceedings against the Group and may continue to do so. A negative outcome of such claims and proceedings, settlements, or any other actions to the benefit of the customers by other insurers or sector-wide measures, may affect the (legal) position of the Group and could result in substantial financial losses for the Group as and when compensation would be required.

On 9 January 2024 the Group announced that it has agreed on a settlement with all interest groups for an amount of approximately EUR 300 million. The settlement relates to unit-linked insurance products of customers affiliated with one of the interest groups. All legal proceedings will be discontinued and no new legal proceedings may be initiated by the interest groups and affiliated parties. Once all details relating to the execution of the settlement are finalised, customers will receive their individual proposal through their respective interest group. The agreement will be final once 90% of these customers agree with their proposal. NN expects this process to take until the end of 2024. To cover the settlement costs, a provision of approximately EUR 300 million was recognised in 2023. An additional provision of EUR 60 million was recognised for hardship cases and customers unaffiliated with one of the interest groups who have not previously received compensation.

Due to the significance and judgement that is required to assess the developments with respect to the unit linked exposure and the resultant accounting treatment we considered this a key audit matter.

Our response

- We inspected and assessed supporting legal documentation and discussed on a quarterly basis the evolving legal risks and proceedings with the legal counsel and its internal legal advisors.
- This assessment took into account the interim judgment dated 26 September 2023 of the Court of Appeal in The Hague in the collective proceedings initiated by Vereniging Woekerpolis.nl against Nationale-Nederlanden Levensverzekering Maatschappij N.V. and the outcome of unit linked related court activities of other insurers in the Netherlands during the year.
- We inspected and assessed the settlement agreement with the relevant interest groups dated 9 January 2024 and gained an understanding of the build-up and composition of the agreed settlement amount.
- We challenged management's assessment of the likelihood of a final settlement (90% hurdle for the interest groups) that supports management's recognition and measurement of the provision of EUR 300 million in 2023.
- We assessed and challenged the documentation prepared by management to support the recognition of the provision in 2023 for hardship cases and customers unaffiliated with one of the interest groups who have not previously received compensation
- We assessed the unit-linked related disclosure in the annual accounts.

Our observation

We concur with the recognition and measurement of the provisions to cover the expected settlement costs of the unit linked exposure and consider the disclosure on provisions in Note 21 'Other liabilities' and Note 43 'Legal proceedings' to be appropriate.

4. Valuation of illiquid investments

Description

For illiquid (non-listed) investments quoted prices are not available and fair values are based on valuation techniques which often involve the exercise of judgement by management and the use of assumptions, estimates and valuation models. Where significant pricing inputs are unobservable, management has no reliable, relevant market data available in determining the fair value. For these illiquid investments the estimation uncertainty can be high, especially due to increased market volatilities. This is mainly applicable to:

- mortgages held by the insurance entities, which following the implementation of IFRS 9 this year are measured at fair value through other comprehensive income;
- real estate investments; and
- private equity and private debt investments.

Given the financial significance and estimation uncertainties we considered the valuation of illiquid investments a key audit matter.

Our response

We assessed management's approach to the valuation of illiquid investments and performed the following procedures:

- We evaluated the Group's processes and controls governing the valuation of non-listed investments.
- We inspected the supporting valuation documents prepared by management's internal and external valuation experts.
- KPMG valuation specialists assisted us in challenging the appropriateness of the models and methodologies used by management in calculating fair values of mortgages. We tested the source data used and assessed the appropriateness of critical valuation parameters. Our valuation specialists independently calculated whether the fair value for the mortgage portfolio as a whole as determined by management is within the acceptable fair value range.
- We involved our real estate valuation specialists in the substantive audit procedures of selected real estate investments. We evaluated the objectivity, independence and professional competence of external valuators engaged by management. We inspected the valuation reports obtained, tested the source data used and the calculations made and challenged significant assumptions such as the gross initial yield/discount rate and estimated rental values.

We assessed the assumptions used against available market data and object specific underlying characteristics such as occupancy rates and contract renewals.

- We tested and challenged management's valuation of private equity and private debt investments by critically reviewing the minutes of the meetings of management with the external fund managers, we tested the timeliness of such meetings and performed back testing procedures to determine the reliability of the fair value estimates provided by the external fund managers. We compared the movements in the valuations for the period with available external market data and performed back testing on the prior year estimates, e.g. by reconciliation of valuations to annual accounts of investments or comparison to sales results.
- We assessed the disclosures in the annual accounts.

Our observation

We consider the fair value of illiquid investments to be appropriate. We observed that valuation uncertainties in real estate investments remained significant in 2023 due to the limited number of relevant market transactions to support the estimated yield levels that are used for valuation purposes. We refer to Note 35 'Fair value of non-financial assets' of the annual accounts in which the real estate valuation uncertainties are disclosed.

Report on the other information included in the annual report

In addition to the annual accounts and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the annual accounts and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the annual accounts or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the annual accounts.

The Executive Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the General Meeting of Shareholders as auditor of NN Group N.V. on 28 May 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that financial year. We were reappointed by the General Meeting of Shareholders on 19 May 2022 to continue to serve the Group as its external auditor for the financial years 2023-2025.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

European Single Electronic Format (ESEF)

The Group has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the (partly) marked-up consolidated annual accounts as included in the reporting package by NN Group N.V., complies in all material respects with the RTS on ESEF.

The Executive Board is responsible for preparing the annual report including the annual accounts in accordance with the RTS on ESEF, whereby the Executive Board combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF. We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included among others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF.
  - Examining the information related to the consolidated annual accounts in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the annual accounts

Responsibilities of the Executive Board and the Supervisory Board for the annual accounts

The Executive Board is responsible for the preparation and fair presentation of the annual accounts in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as management determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error. In that respect the Executive Board under supervision of the Supervisory Board is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the annual accounts, the Executive Board is responsible for assessing the Group's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the annual accounts using the going concern basis of accounting unless the Executive Board either intends to liquidate NN Group N.V. or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the Group's ability to continue as a going concern in the annual accounts. The Supervisory Board is responsible for overseeing the Group's financial reporting process.

Our responsibilities for the audit of the annual accounts

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these annual accounts. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the annual accounts is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at eng_oob_01.pdf (nba.nl) / eng_beursgenoteerd_01.pdf (nba.nl). This description forms part of our auditor's report.

Amstelveen, 20 March 2024

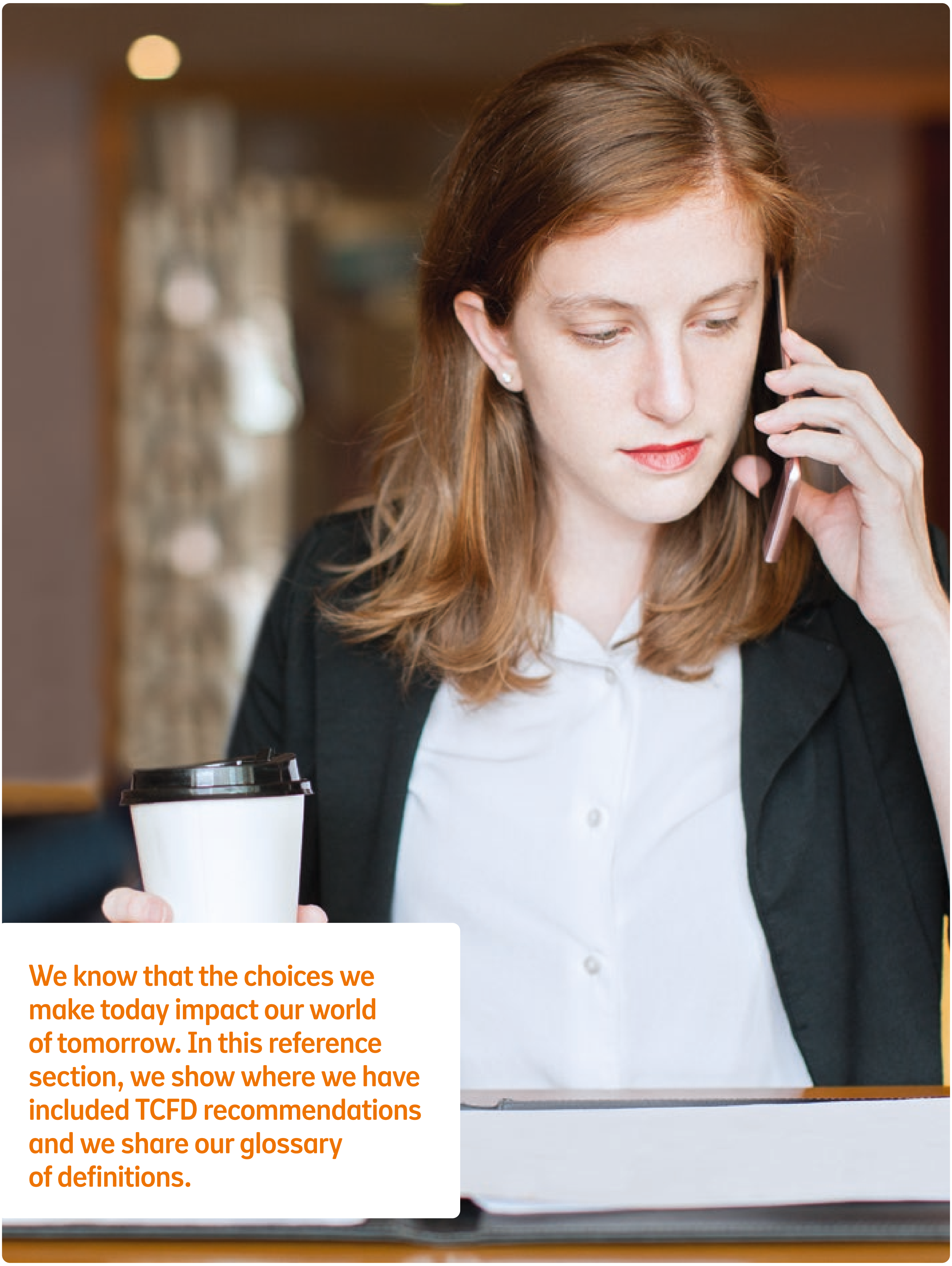
KPMG Accountants N.V.

D. Korf RA

Appropriation of result

The result is appropriated pursuant to Article 34 of the Articles of Association of NN Group N.V., the relevant stipulations of which state that the appropriation of result shall be determined by the General Meeting, on the proposal of the Executive Board, as approved by the Supervisory Board, having heard the advice of the Executive Board. It is proposed to add the 2023 net result less the (interim and final) cash dividends to the retained earnings.

9 Other information



We know that the choices we make today impact our world of tomorrow. In this reference section, we show where we have included TCFD recommendations and we share our glossary of definitions.

Our response to the Task Force on Climate-related Financial Disclosures (TCFD)

We describe in this section the specific activities we undertake to manage climate and other related Environmental, Social and Governance (ESG) risks.

We have reported on climate change since the financial year 2017 in accordance with the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). This section shows the reference to the relevant chapters where we have included the TCFD recommendations structured along the four TCFD pillars: governance, strategy, risk management, and metrics and targets. For further information on NN Group's sustainability strategy, policies and performance, please visit the NN Group website page Our climate approach or contact us via sustainability@nn-group.com.

TCFD recommended disclosures		Annual report reference
Governance	**a) Describe the board's oversight of climate-related risks and opportunities.**	6. Corporate Governance – Sustainability Governance, page 104
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy	**a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.**	Opportunities: 2. Our operating environment – Determining our material matters – Connectivity matrix, page 13 Risks: 5. Managing our risks – managing our risks, strategic risks assessment, pages 67–70 Sustainability and climate change risk management, pages 71–77
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	– Corporate Governance – Sustainability Governance – Strategy setting, page 104 – 4. Creating value for our stakeholders –Creating a positive impact on society, pages 42–57
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	4.Creating value for our stakeholders – Creating a positive impact on society, pages 42–57
Risk Management	**a) Describe the organisation's processes for identifying and assessing climate-related risks.**	a) 5. Managing our risks – managing our risks, strategic risk assessment, pages 67–70
	b) Describe the organisation's processes for managing climate-related risks.	b) 5. Managing our risks – Sustainability and climate change risk management, pages 71–77
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	c) 5. Managing our risks – managing our risks, strategic risks assessment, pages 67–70
Metrics and Targets	**a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.**	7. Facts and figures – Key financial and strategic indicators, pages 128–133 7. Facts and figures – Carbon footprint proprietary assets, pages 134–140
	b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	7. Facts and figures – Environmental indicators, page 133 7. Facts and figures – Carbon footprint proprietary assets, pages 134–140 7. Facts and figures – EU Taxonomy disclosure, pages 141–164
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	4. Creating value for our stakeholders – Progress net-zero strategy, pages 48–52

Glossary

Annual total compensation	Compensation provided over the course of a year.
Average FTE	Average FTE in the business unit for whom sick leave is registered. Definition of total workdays: either 365 or the number of actual working days of the reported year for a full-time FTE.
Average years of service	Average of all service years of all employees. Service years is calculated by looking at the years between 31/12/YYYY and the value of Continuous Service Years.
Base year	Historical date (such as year) against which a measurement is tracked over time.
Baseline	Starting point used for comparisons. In the context of energy and emissions reporting, the baseline is the projected energy consumption or emissions in the absence of any reduction activity.
Business partner	Entity with which the organisation has some form of direct and formal engagement for the purpose of meeting its business objectives.
Business relationships	Relationships that the organisation has with business partners, with entities in its value chain including those beyond the first tier (parties we have a direct contract with), and with any other entities directly linked to its operations, products, or services
Business travel by air	Greenhouse gas emissions (GHG) based on the total distance and cabin class of business travel by air by NN employees.
CDP	A global disclosure system for companies, cities, states and regions to manage their environmental impacts, and for investors and purchasers to access environmental information for use in financial decisions.
Carbon Footprint of corporate investments	We account for the scope 1, 2 and 3 emissions of corporates, retrieved from external data provider ISS Ethix-Climate Solutions. In line with PCAF methodology, NN's financed emissions for corporates is based on our investment value relative to the issuer's enterprise value. We define Enterprise Value Including Cash (EVIC) as the sum of the market value of equity and total debt without deducting cash. Our definition of EVIC differs slightly from that of PCAF as we use the market value of debt rather than the book value of debt in calculating the total enterprise value. We also calculate the portfolio's weighted average carbon intensity metric to understand exposure to carbon intensive companies. Portfolio's exposure to carbon intensive companies, expressed as tCO_2 e/EUR million company revenue. This normalises each company's emissions by its sales. The weighted average is then calculated by portfolio weight.
Carbon footprint of government bonds	The GHG emissions associated with NN Group's investments in government bonds. Our methodology for calculating the carbon footprint of government bonds follows the PCAF Standard. This approach considers all emissions generated within a sovereign's territorial boundaries as defined by the UNFCCC national emissions inventory, providing a comprehensive view of a sovereign's responsibility in generating emissions. To calculate financed emissions, we use PPP-adjusted GDP as a proxy for the sovereign's total value. We divide the total amount invested by NN Group by GDP to accurately attribute emissions to our investments in government bonds. We report sovereign emissions separately from corporate and real estate investments to avoid double-counting emissions generated within countries. In addition, we report sovereign emission data including and excluding land use, land use change, and forestry emissions to provide a comprehensive view of our impact on carbon emissions.
Carbon footprint of mortgages	The GHG emissions associated with the total portfolio on the NN Group balance sheet of Dutch mortgages originated and/or serviced by our own banking business. NN also has residential mortgages on the balance sheet from external mortgage originators which are not included in this analysis. We account for the scope 1 and 2 emissions of each house (i.e. the natural gas used to heat the house and the purchased electricity by the occupant of the house the energy consumed by the building occupant). We align with the global PCAF Standard, we attribute the emissions associated with a residential mortgage to NN using a loan-to-value (LTV) ratio. The LTV used is the current loan-to-original-market-value ratio, which is the net outstanding mortgage amount divided by the original property value. If these original values are not available, the latest available property value will be used as denominator. We also take into account the latest available market value when improvements have been made to the property.

Glossary continued

Carbon footprint of real estate investments	The GHG emissions of NN's investments in non-listed real estate. This portfolio consists of directly managed properties and non-listed real estate funds. The portfolio is spread over sectors and regions in Europe. Our reporting covers scope 1, scope 2 and scope 3 tenant emissions. NN requires all its real estate asset managers to participate in the GRESB Real Estate assessment, and as such we gather the emissions data from GRESB. Non-disclosure in GRESB disclosure may occur due to a grace period for first-year reporting or no reporting due to wind-down, these investments are then not included in the calculation. For the calculation of the carbon footprint of our real estate investments portfolio, we attribute a real estate fund's annual emissions based on NN's share in the fund. To determine this attribution factor, we used the outstanding investment amounts (Net Asset Value or NAV) for the numerator and Gross Asset Value (GAV) of the funds as reported to us by our real estate managers for the denominator. All investment amounts, fund values and emissions are based on the most recent available data which is trailing by one year.
Climate solutions (definitions of)	To support our Paris Alignment strategy, NN Group has developed an internal framework to define 'climate solutions investments' as part of its proprietary investments portfolio. We have defined climate solutions as investments in economic activities that contribute substantially to climate change mitigation or adaptation. Classifying climate solutions investments, and in line with guidance from the IIGCC Paris Aligned Investment Initiative, we focused on SDG 7-related areas of energy efficiency and renewable energy. Furthermore, we supported our definitions with external certifications, asset labels, and environmental standards where possible and relevant. Our definitions are as follows including our specification of valuations: • Green bonds: the green bonds we invest in are in line with the NN Green, Social and Sustainability Bond Standard which is aligned with the ICMA's Green Bond Principles and needs to be applied in addition to the basic Responsible Investment (RI) criteria as described in the RI Framework Policy and related standards. Valuation of the green bonds is on nominal values. • Renewable energy infrastructure: Investments in projects (equity/debt) for renewable energy infrastructure, such as in solar PV, offshore and onshore wind, hydrogen, storage and energy efficiency. Valuation for Infrastructure equity is market values and for infrastructure debt outstanding loan balances. • Certified green buildings: within our real estate portfolio (equity/debt), our definition is limited to assets with at least an Energy Performance Certificate (EPC) of class A, or if EPC is not available a high level of building certification (BREAAM or HQE certification of at least 'Excellent', or LEED or DGNB of at least 'Gold'). Valuation for Certified green buildings is for equity investments on market value and for debt investments outstanding loan balances. • Other: Investments that do not fall into any of the categories above, including investments in unlisted entities. For example, impact private equity funds that target and report on clearly defined climate impact KPIs, or funds that have a broader ESG focus, but where clean and renewable energy projects account for a substantial part of the fund. Valuation for other is market value.
Collective bargaining	All negotiations that take place between one or more employers or employers' organisations and one or more workers' organisations (e.g. trade unions), for determining working conditions and terms of employment or for regulating relations between employers and workers.
Contributions to society	The Business for Social Impact (B4SI) framework offers a consistent and credible approach to reporting and impact measurement. This helps us track our contributions to society and is fully integrated into our internal and external reporting. We aim to contribute to communities by supporting financial, physical and/or mental well-being of one million people by 2025 (accumulative 2022-2025) and to contribute 1% of our operating result before tax to our communities by 2023.
Customer engagement measured through Net Promoter Score (NPS)	The internationally recognised Net Promoter Score (NPS) system, one of the key metrics in the Global brand Health Monitor (GBHM), measures how likely it is that our customers recommend our products and services to colleagues, friends or family. We use relational NPS (NPS-r) to measure the strength of the relationship with customers and gain understanding of customer satisfaction over time.
Customer privacy	Right of the customer to privacy and personal refuge.
Direct (Scope 1) GHG emissions	Greenhouse gas (GHG) emissions from sources that are owned or controlled by the organisation.
Distance-based method	Involves determining the distance and transport mode of trips and applies the appropriate emission factor for the transport mode used in line with the applicable GHG Protocol Standards.

Glossary continued

Due diligence	Process to identify, prevent, mitigate, and account for how the organisation addresses its actual and potential negative impacts.
EIOPA	European Insurance and Occupational Pensions Authority. EIOPA focuses on providing a sound regulatory framework for and consistent supervision of insurance and occupational pensions sectors in Europe, and is an independent advisory body to the European Commission, the European Parliament and the Council of the European Union.
Emissions avoided of climate solutions – renewable energy investments	Following the PCAF guidance, emissions avoided in this category is reported as estimated emissions that would have happened if investments have been directed in the same attribution to the electricity generated by the least economically efficient energy generation facility. These hypothetical emissions by the least economically efficient energy generation facility are used as a benchmark in this category. Emissions avoided are calculated for all renewable energy assets in our infrastructure portfolios at the end of 2022 over 2022 based on actual or estimated P90 renewable energy production data. We report emissions avoided by attributing for both our share in a fund and the fund's share in the asset, depending on if the investment is direct or indirect. We use current face value for debt investments and market value for equity investments. To estimate the electricity generated by the least economically efficient energy generation facility, we rely on PCAF suggestions to use the operating margin data from UNFCCC International Financial Institution.
Emissions avoided of climate solutions – green buildings	Emissions avoided is reported as the difference in estimated emissions from investments in climate solutions and estimated emissions that would have happened if investments in climate solutions were instead invested in properties from the same country and sector with an average emission intensity. Emissions from properties from the same country and sector with average emission intensity are used as a benchmark in this category. This follows the definition provided in the Position Paper on Green Bonds Impact Reporting by Nordic Public Sector Issuers. Emissions avoided are calculated for all climate solutions investments in our real estate portfolios at the end of 2022 over 2022 based on GRESB data for equity investments in green buildings and based on the property EPC rating and PCAF European building emission factor database for debt investments in green buildings. We report emissions avoided by attributing for both our share in a fund and the fund's share in the asset, depending on if the investment is direct or indirect. We use current face value for debt investments and gross asset value (GAV) for equity investments.
Emissions avoided of climate solutions – green bonds	Emissions avoided defined as annual CO_2 avoided and reported by bond issuers. The benchmark is dependent on issuer methodology. Our external asset manager calculates emissions avoided by using the portfolio level share of allocation and impact per bond. This is calculated as the percentage of a bond's total issuance held by NN Group on 31 December 2022 over 2022. The aggregated emissions avoided can be derived by adding up the portfolio-level share of weighted bond emissions avoided. The manager prorates any emissions avoided that are not based on specific financing by applying a standardised impact intensity and cost-efficiency calculation, which is defined as emissions avoided per EUR 1 million invested. The expected emissions avoided attributable to the bond is calculated using impact intensity, cost efficiency and the size of the issue.
Emissions avoided of climate solutions – other	Emissions avoided defined as annual CO_2 avoided and calculated by the asset manager or reported by the underlying fund holding. The benchmark is dependent on asset manager or fund holding methodology. Climate solutions investment type labelled Other include investments in unlisted entities. This primarily involves investments in private equity funds. We report emissions avoided only for those underlying companies for which the funds we invest in report emissions avoided. We report emissions avoided by attributing for both our share in a fund and the fund's share in the asset. The fund's share in the asset is calculated as the fund's share in the assets enterprise value.
Employee engagement	We measure employee engagement through our biannual global employee engagement survey to determine progress against one of our key KPIs. This survey contains a broad selection of questions covering how employees feel about the company culture, how they are managed and the direction of the company as a whole. The scoring of these questions results in an employee engagement score, that is compared to the finance industry benchmark from Peakon.
Employee engagement survey	A questionnaire measuring how a company's brand and values are experienced by its employees, how its leaders live up to the standards the company sets, and how the company fulfils its employee value proposition as an organisation.
Employee turnover	Employees (individual who is in an employment relationship with the organisation according to national law or practice) who leave the organisation voluntarily or due to dismissal, retirement, or death in service. Total of HC of all terminated employees/Avg employee headcount. A termination is defined as a termination when the following Business Processes are successfully completed: 'End Contract Event' and 'Terminate Employee Event'.

Glossary continued

Employees covered by Collective Labour Agreement (CLA)	Internal employees who are covered by a collective bargaining agreement can be read as covered by a Collective Labour Agreement contract.
Employees represented by an employee representative body	Internal employees who are covered by a works council, unions or other organisations representing employees.
Employees with completed standard performance process	All employees that have performed all the steps in the performance process concerning the goal setting, first snapshot, team review, second snapshot and year-end review.
Energy consumption	The sum of our usage of renewable electricity (from solar, wind, hydropower or biomass), non-renewable electricity, nuclear electricity, natural gas, and district heating in the office buildings owned (and held for own use) or leased by NN, and renewable and non-renewable electricity from vehicles leased and owned by NN, as expressed in MWh.
Energy reduction	Amount of energy no longer used or needed to carry out the same processes or tasks.
Engagement	In the context of managing climate risks, engagement means entering into dialogue with investee companies on the risks of climate change, and the need to transition to a low-carbon economy.
Environmental laws and regulations	Laws and regulations related to all types of environmental issues applicable to the organisation.
Environmental, social and governance (ESG) factors	• Environmental factors: climate change, other forms of environmental degradation (e.g. air pollution, water pollution, scarcity of fresh water, land contamination, biodiversity loss and deforestation) and animal welfare, in addition to corrective policy actions aimed at addressing such factors. Climate change is further divided into: a) transitional effects resulting from the transition to a green economy, and b) physical effects resulting from changes in weather patterns, temperature, hydrological conditions or natural ecosystems (both acute or longer-term shifts). • Social factors: rights, well-being and interests of people and communities, including human rights, (in)equality, health, inclusiveness, diversity, employee rights and labour relations, workplace health and safety. • Governance factors: pursuing or applying proper governance practices, amongst others including executive leadership, executive pay, audits, internal controls, responsible tax practices, board independence, shareholder rights, anti-corruption and anti-bribery, and also the way in which companies or entities include environmental and social factors in their policies and procedures.
Financial economic crime (FEC)	Involvement in money laundering, the funding of terrorism or other criminal activities that could harm stakeholder confidence in a financial services provider such as NN.
Financial sector oath or promise	An ethical statement introduced in early 2013 for employees in the Dutch financial sector, along with the introduction of a social charter and update of the Banking Code. It applies to employees of banks and other financial enterprises, including insurance companies, investment firms and financial service providers. By taking the oath, employees declare that they are bound by a code of conduct to the ethical and careful practice of their profession.
Formal meetings held with employee representative bodies	Number of formal meetings are seen as how often the Executive Board has consulted with the works council, union or other organisations representing employees.
Formal meetings held with employee representative bodies	Count of the number of meetings held with employee representative bodies.
Fuel-based method	Involves determining the amount of fuel and electricity consumed during transportation and applies the appropriate emission factor for that fuel or electricity in line with the relevant GHG Protocol Standards.
Full-time employee	Employee whose working hours per week, month, or year are defined according to national law or practice regarding working time. FTE is not maximised at 100% (e.g. an employee with 36 default hours and 40 scheduled weekly hours is counted as 111.11% FTE).

Glossary continued

General Data Protection Regulation (GDPR)	Regulation by which the European Parliament, Council of the European Union and European Commission aim to unify data protection for all individuals within the European Union. The GDPR came into effect on 25 May 2018.
GHG emissions of our direct operations	Sum of our GHG emissions in scope 1, 2 and 3 in kilotonnes of CO_2 equivalent (CO_2e). The main GHGs as covered in the Kyoto protocol are included. The main three sources concern: – International Energy Agency or IEA. It uses emission factors from electricity of national grids for a set of three different gases carbon dioxide (CO_2), methane (CH4) and nitrous oxide (N2O) – Department for Environment, Food & Rural Affairs or DEFRA which is created for the United Kingdom, but is used worldwide. It covers seven GHGs: carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6) and nitrogen trifluoride (NF3). – Co2emissiefactoren.nl which is specifically created by and for the Netherlands. It takes into account all gases with global warming potential if available.
GRESB	GRESB is a mission-driven and industry-led organisation that provides actionable and transparent ESG data to financial markets. GRESB collects, validates, scores and benchmarks ESG data to provide business intelligence, engagement tools and regulatory reporting solutions for investors, asset managers and the wider industry.
Global Reporting Initiative (GRI)	An international independent standards organisation that helps businesses, governments and other organisations understand and communicate their impact on issues such as climate change, human rights and corruption.
Grievances on labour practices	NN's general policy is that employees who feel they have been harmed in their work situation as a result of an individual decision that the management has either made or failed to make, and employees who have been confronted with behaviour they perceive to be inappropriate, should attempt to resolve their situation by discussing their grievances. If discussions fail to render an acceptable solution, the employee has the option of submitting a complaint or dispute to the Complaints & Disputes Committee.
Headcount	The total number/headcount of all employees categorised as 'fixed term' and 'permanent' in Workday.
Human capital return on investment	Calculated as (Operating Results Ongoing Business + Employee Expenses)/Employee Expenses. Employee Expenses = Staff Expenses – External Staff Costs.
Male/female ratio	Total headcount of all employees where gender is male or female/Total headcount of all employees. Employee is Worker Sub Type 'fixed term' and 'permanent' in Workday.
Net-zero	Reducing emissions in the real economy as close to zero as possible and remaining emissions are balanced using carbon removal technologies. The ambition is based on the Paris Climate Agreement to limit temperature rise to 1.5°C.
New hires	Total headcount of all hired employees. A hire is defined as a hire when the following Business Processes are successfully completed: 'Contract Contingent Worker Event' or 'Hire Employee Event'.
NN Group Compliance Function Charter	A policy set in place by NN to help businesses manage their compliance risks effectively and to set out the responsibilities on compliance risk management for the business and the compliance function.
Non-governmental organisation (NGO)	An organisation that is neither part of a government nor a conventional for-profit business. Usually set up by citizens, NGOs may be funded by governments, foundations, businesses or private individuals.
OECD	The Organisation for Economic Co-operation and Development, an international organisation, established after World War II, with the aim of shaping policies that foster prosperity, equality, opportunity and well-being for all.
Open positions filled by internal candidates	Percentage of hires from the internal NN population for the stated period. Included in the percentage are the categories 'internal mobility', 'conversion from intern' and 'redundant'.
Operating capital generation (OCG)	The movement in the solvency surplus (Own Funds before eligibility over SCR at 100%) in the period due to operating items, including the impact of new business, expected investment returns in excess of the unwind of liabilities, release of the risk margin, operating variances, Non-life underwriting result, contribution of non-Solvency II entities and holding expenses and debt costs and the change in the SCR. It excludes economic variances, economic assumption changes and non-operating expenses.

Glossary continued

Other incidents and concerns	Concerns refer to a report raised by an employee about an actual or suspected irregularity or misconduct within NN that leads or could lead to a violation of: NN's Values; any NN Policy; and/or any national law, regulation or code.
Paper	The usage of paper in the office buildings owned (and held for own use) or leased by NN Group, as expressed in kilogrammes. Paper is split in eco-labelled and non-eco-labelled paper. Eco-labelled paper is either FSC (Forest Stewardship Council) labelled or another eco-label (including recycled paper). Non-eco-labelled paper is paper without an eco-label.
Participation in engagement survey	Percentage of employees who filled in the engagement survey.
Part-time employees	Sum of all employees who have an FTE value of <100%.
People supported	Following the B4SI Guidance Manual on defining output, this is the number of beneficiaries who receive a product or service as a result of our contribution. We divide that into two categories, which are our strategic themes: 'Financial well-being' and 'Physical and mental well-being'. Allocation to one of these categories is based on how resources we contributed were allocated within the theme. For example, in 2023, our cash contribution to Brand New Job is part of the 'financial well-being' strategic theme. The number reported is a cumulative figure over the years 2022-2023-2024-2025.
Private real estate – portfolio average	The GRESB Score on portfolio average of the private real estate portfolio is an overall measure of ESG performance – represented as a percentage (100% maximum). The GRESB Score gives a quantitative insight into ESG performance in absolute terms, over time and against peers.
Product approval and review process (PARP)	The assessment of a product in relation to its customer suitability, financial and non-financial risks, and profitability. NN conducts a PARP when it introduces a new product, changes the characteristics of an existing product or reviews a product. This is to ensure the product is acceptable to our company, our customers and society in general.
Purpose Council	The Purpose Council oversees how we are upholding our purpose and progressing on our non-financial targets. It was set up in 2019 to advise and support the Management Board in developing a new purpose statement. Chaired by the Chief Organisation & Corporate Relations, and sponsored by the Group CEO, the Council consists of several Management Board members, heads of relevant staff departments and business representatives. The mandate of the Purpose Council is to support the Management Board in steering, measuring and reporting on non-financial issues.
Ratio of CEO compensation to the average employee compensation	CEO compensation/Average employee compensation. The ratio of CEO compensation to the average employee compensation refers to the pay ratio calculation method as prescribed by the Dutch Monitoring Commission Corporate Governance. The pay ratio should be understood to mean: the ratio between the total annual remuneration of the CEO and the average annual remuneration of the employees in which the total annual remuneration of the CEO includes all remuneration components (such as base salary, variable compensation in both cash and shares, social premiums, pension, expense allowances, etc.). The average annual remuneration of employees is the total wage costs divided by the average number of FTEs during the year. The value of the share-based remuneration is determined at the moment of grant.
Recalculation Policy for Baseline GHG emissions targets	In order to accurately report on the progress towards our decarboniation targets we will on an annual basis assess whether there are significant changes that require a recalculation of our targets. A materiality threshold is set at 10%, but we may choose to recalculate our base year for changes below this threshold such as in case of structural changes (i.e. mergers, acquisitions and/or divestitures). Regardless of such events NN will review and update its targets at least every 5 years. Relevant events triggering an update of baselines and associated targets before this 5-year time horizon has passed are amongst others (1) Structural changes to our organization such as mergers, acquisitions and divestitures (2) Methodological changes and/or significant improvements in data accuracy (3) other changes such as the discovery of material (cumulative) reporting errors or a material change in the scope of targets.
Report of the management board	The NN Group N.V. 2023 Report of the management board (Bestuursverslag), as referred to in section 2:391 of the Dutch Civil Code. It includes the Annual Review and the following chapters in the Financial Report: Financial Developments, the Report of the Supervisory Board, Corporate Governance, the Remuneration Report, and the Dutch Financial Supervision Act and Dutch Corporate Governance Code statements.
Responsible Investment (RI) Framework policy	Sets out NN's vision, approach and key principles on responsible investment. NN defines RI as the systematic integration of relevant ESG factors into investment decision-making and active ownership practices.

Glossary continued

Road travel	GHG from transportation in vehicles leased and owned by NN. The calculation is based on the fuel (including electricity) consumption and otherwise the distance travelled in kilometres.
Scope 1 GHG emissions	Direct GHG from sources that are owned or controlled by NN.
Scope 2 GHG emissions	Indirect GHG that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed in the office buildings owned (and held for own use) or leased by NN.
Scope 3 GHG emissions	Indirect greenhouse gas emissions other than those reported in scope 1 and 2 that occur in NN's upstream and downstream value chain.
SME	Small- and medium-sized enterprise.
Spending/average FTE	Total amount spent on training and development divided by the total FTE number.
Sustainability risk	NN considers sustainability risks as risks related to ESG factors that can cause material negative impact to NN's long-term performance, reputation, value, balance sheet or operations.
Sustainable Development Goals (SDGs)	Also known as the Global Goals, these are 17 global goals set in 2015 by the UN General Assembly to be achieved by 2030. They form a universal call-to-action to end poverty, protect the planet, and ensure all people can enjoy peace and prosperity.
Sustainable recovery	Sustainable recovery is a way of ensuring recovery of damaged goods or property related matters by not replacing it by fully new equipment or virgin materials but repairing it or using refurbished equipment or circular materials.
Task Force on Climate-related Financial Disclosures (TCFD)	An industry-led initiative of the Financial Stability Board to develop recommendations on climate-related financial disclosures. The Task Force published its final recommendations in June 2017.
Temporary employees	Temporary employees are employees with a contract for a limited period (i.e. fixed term contract) that ends when the specific time period expires, or when the specific task or event that has an attached time estimate is completed (e.g. the end of a project or return of replaced employees).
Total spending on training and development	The total amount spent on facilitating training and development for employees (internal and external).
Time contributions: volunteering hours	We account for a monetary value for our colleagues' volunteer hours based on time contributions. B4SI defines this as '... the cost to the company of the paid working hours contributed by employees to a community organisation or activity. The term "volunteering" is often used to describe time contributions, but it can go beyond this to include any active engagement in community activity during paid working time. Examples include: employee volunteering, active participation in fundraising activities, longer-term secondments to community organisations, supervision of work experience placements.' Reference: Chapter 1.2, B4SI Guidance Manual, 2021 (p.11). As of 2022, we calculate time contribution costs based on the average hourly rate of the previous year across NN and round down (2022: EUR 50 per hour) to be more accurate in the actual costs. The hourly rate is calculated based on the total employee remuneration across NN as disclosed in our Annual Report of the previous year, divided by the total number of hours per FTE (full-time equivalents). Currently, the rate is based on 52 weeks/36 hours per week, rounded down.
UN Global Compact	A UN initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and report on their implementation. It is a principle-based framework for business containing ten principles in the areas of human rights, labour, environment and anti-corruption.
Voting	Voting is one of the most powerful tools of active ownership and we vote at shareholder meetings on behalf of our own assets. Our Voting Policy for Proprietary Assets guides the voting considerations on behalf of NN Group's proprietary equity portfolio, and we publish our voting records on our website.
Waste	All types of recycled and non-recycled waste generated from operations in the office buildings owned (and held for own use) or leased by NN, expressed in kilogrammes. This excludes wastewater.
Water	The usage of water in the office buildings owned (and held for own use) or leased by NN, expressed in cubic metres.
Weighted average carbon intensity	We calculate this metric to understand exposure to carbon intensive companies. Portfolio's exposure to carbon intensive companies, expressed as tCO_2 e/€M company revenue. This normalises each company's emissions by its sales. The weighted average is then calculated by portfolio weight.

Glossary continued

Whistleblower concerns filed	Number of whistleblower concerns filed, of which investigated by Corporate Security & Investigations.
Women in senior management positions	All the women in the Management Board, Management Board -1 management positions and the managerial direct reports to all business unit CEOs (Netherlands and International Insurance business units).
Workforce	The total number of employees with an employee contract.

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For further information on NN Group's sustainability strategy, policies and performance, please visit www.nn-group.com/in-society.htm or contact us via sustainability@nn-group.com

Disclaimer
The 2023 Annual Report provides an integrated review of the performance of NN Group. More information – for example the Solvency and Financial Condition Report (SFCR), Total Tax Contribution Report and the GRI Index Table – is available on the corporate website in the Investors/financial reports section.

Small differences in the tables are possible due to rounding. Certain of the statements in this 2023 Annual Report are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) the effects of the Covid-19 pandemic and related response measures, including lockdowns and travel restrictions, on economic conditions in countries in which NN Group operates, on NN Group's business and operations and on NN Group's employees, customers and counterparties, (3) changes in performance of financial markets, including developing markets, (4) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (5) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations and the interpretation and application thereof, (14) changes in the policies and actions of governments and/or regulatory authorities, (15) conclusions with regard to accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit and financial strength ratings, (18) NN Group's ability to achieve projected operational synergies, (19) catastrophes and terrorist-related events, (20) operational and IT risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (21) risks and challenges related to cybercrime including the effects of cyber-attacks and changes in legislation and regulation related to cybersecurity and data privacy, (22) business, operational, regulatory, reputation and other risks and challenges in connection with ESG related matters and/or driven by ESG factors including climate change, (23) the inability to retain key personnel, (24) adverse developments in legal and other proceedings and (25) the other risks and uncertainties contained in recent public disclosures made by NN Group.

Any forward-looking statements made by or on behalf of NN Group in this report speak only as of the date they are made, and NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.

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