

Sustainability matters definition

NN Group maintains a list of sustainability-related definitions in order to align with relevant regulations and ensure consistent terminology within NN Group:

Sustainability matters are opportunities, risks and positive & adverse impacts related to environmental, social and governance factors, including climate change, employee and human rights, anti-corruption and anti-bribery. Sustainability matters are identified based on the **double materiality concept**: our impact on the environment and society (=inside-out perspective), but also how these matters impact our company (=outside-in perspective).

Sustainability opportunities are opportunities related to environmental, social and governance factors that can create a positive contribution to NN Group's (non-)financial and/or strategic targets, reputation and/or balance sheet, as well as a positive impact to environment or society.

Sustainability risks are risks related to environmental, social and governance factors that can cause material negative impact on NN Group's long-term performance, reputation, value, balance sheet or operations.

Sustainability impacts are positive/adverse impacts on environmental, social and governance factors that are created/caused by or (in)directly linked to NN Group's activities (NN's strategy, investment decisions, underwriting and operations).

Environmental, social and governance (ESG) factors include (non-exhaustive):

- **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 lower carbon/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, 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.