

Second-Party Opinion

NN Group Sustainability Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the NN Group Sustainability Bond Framework is credible and impactful and aligns with the Green Bond Principles 2021 and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – (i) Green Buildings, (ii) Renewable Energy, (iii) Clean Transportation, (iv) Sustainable Water, Wastewater Management and Water Efficiency, (v) Energy Efficiency, (vi) Circular economy adapted products, production technologies and processes and/or certified eco-efficient products, (vii) Access to Essential Services and (viii) Affordable Housing – are aligned with those recognized by the Green Bond Principles, Social Bond Principles and the Sustainability Bond Guidelines. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 6, 7, 11 and 12.



PROJECT EVALUATION / SELECTION NN Group's Green, Social and Sustainability Bond Committee (the "Committee") is responsible for evaluating and selecting projects eligible under the established criteria. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS NN Group will manage the proceeds under the Framework using a portfolio approach and will seek to add eligible assets to its Eligible Asset Portfolio. Pending allocations, proceeds will be temporarily held by the Group in line with the Group's treasury liquidity policies. This is in line with market practice.



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

Evaluation Date	February 17, 2022 ¹
------------------------	--------------------------------

Issuer Location	The Hague, Netherlands
------------------------	------------------------

Report Sections

Introduction.....	2
Sustainalytics' Opinion	3
Appendices	14

For inquiries, contact the Sustainable Finance Solutions project team:

Jose Yakoubian (Toronto)
Project Manager
jose.yakoubian@morningstar.com
(+1) 647 749 5990

Taylor Whitfield
Project Support

Lea Muething
Project Support

Ashok Yashwant
Project Support

Kibii Sisulu
Client Relations
kibii.sisulu@morningstar.com
(+44) 20 3880 0193

Alignment with the EU Taxonomy

Sustainalytics has assessed NN Group N.V.'s Sustainability Bond Framework for alignment with the EU Taxonomy, and is of the opinion that, of the Framework's six eligibility criteria (which map to 20 EU activities, and which 7 have been assessed), six align with the applicable Technical Screening Criteria ("TSC") in the EU Taxonomy and six align with the Do No Significant Harm ("DNSH") Criteria. No categories were determined to be *not aligned*. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

¹ This document is an update on a Second-Party Opinion, originally published in November 2021, to which Sustainalytics has made minor revisions.

Introduction

NN Group N.V. (“NN Group”) is a financial services company providing retirement services, pensions, insurance, investments, and banking to approximately 18 million customers. Headquartered in The Hague, The Netherlands, NN Group is active in 19 countries, with a strong presence in Europe and Japan.

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

1. Green Buildings
2. Renewable Energy
3. Clean Transportation
4. Sustainable Water, Wastewater Management and Water Efficiency
5. Energy Efficiency
6. Circular economy adapted products, production technologies and processes and/or certified eco-efficient products
7. Access to Essential Services
8. Affordable Housing

NN Group engaged Sustainalytics to review the NN Group Sustainability Bond Framework, dated February 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP),² Social Bond Principles 2021 (SBP)³ and Sustainability Bond Guidelines 2021 (SBG).⁴ This Framework will be published in a separate document.⁵

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

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

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

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.10, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of NN Group’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. NN Group representatives have confirmed (1) they understand it is the sole responsibility of NN Group to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all

² The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

³ The Social Bond Principles are administered by the International Capital Market Association and are available at:

<https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

⁴ The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at:

<https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

⁵ The NN Group Sustainability Bond Framework is available on NN Group’s website at: <https://www.nn-group.com/investors/nn-group-debt-credit-ratings/sustainable-bonds.htm>

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

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

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

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

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

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

Sustainalytics' Opinion

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

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

- Use of Proceeds:
 - The eligible categories – Green Buildings, Renewable Energy, Clean Transportation, Sustainable Water, Wastewater Management and Water Efficiency, Energy Efficiency, Circular economy adapted products, production technologies and processes and/or certified eco-efficient products, Access to Essential Services and Affordable Housing – are aligned with those recognized by the GBP and SBP. Sustainalytics is of the opinion that the Group's investments under the Framework will contribute in the advancement to a low-carbon economy and will have an overall positive social impact in Europe.
 - Within the Green Buildings category, NN Group may finance and/or refinance residential or commercial buildings in the Netherlands and Europe. All buildings (commercial or residential) may be considered according to the following eligibility criteria:
 - Properties built before 31st December 2020 are eligible if they have Energy Performance Certification⁷ ("EPC") label of "A" and belong to the top 15% low-carbon buildings in the Netherlands. Sustainalytics considers that focusing on buildings that fall in top 15% of their local market in terms of energy efficiency to be in line with market practice.
 - For Properties built after 1st January 2021, NN Group may finance those with a primary energy demand ("PED") at least 10% lower than the PED resulting from the Bijna

⁷ EPCs play a central role in the context of the Article 20 (2) EPBD, which asks (EU) Member States to provide information on the energy performance certificates and the inspection reports, on their purpose and objectives, on the cost-effective ways and, where appropriate, on the available financial instruments to improve the energy performance of the building to the owners or tenants of the buildings. Further details available at: European Commission, EPC distribution per energy label, at: <https://ec.europa.eu/energy/en/content/epc-distribution-energy-label>

- Energieneutrale Gebouwen (“BENG”)⁸ requirements. Sustainalytics considers meeting the specified PED criteria to be in line with market practice.
- Refurbished residential and commercial properties are eligible if they achieve at least 30% improvement in energy efficiency, equivalent to a two-step improvement in EPC label. Sustainalytics considers this degree of improvement to be aligned with market practice.⁹
 - In addition to the eligibility criteria, which applies to both residential and commercial buildings, NN Group may finance or refinance new, existing or refurbished commercial buildings belonging to the following eligibility criteria:
 - Buildings that are certified to align with one of the following minimum certification levels: (i) LEED “Gold”, (ii) BREEAM “Excellent”, (iii) DGNB “Gold”, and (iv) HQE “Excellent” (Please refer to Appendix 1 for Sustainalytics’ assessment of these building certification schemes).
 - Individual activities aimed at improving energy efficiency include but are not restricted to installation of cavity wall, roof and/or floor insulation, heat pump, infrared panels, solar boilers and solar panels, energy-efficient frames and doors and double glazing or HR++ glazing.¹⁰
 - Regarding the Renewable Energy category, NN Group may finance and/or re-finance the construction, development, acquisition, maintenance and operation of solar and onshore and offshore wind power projects.
 - Within the Clean Transportation category, NN Group may finance the development, construction, acquisition, maintenance and operation of infrastructure and vehicles for zero direct emissions transportation. The projects may include electric rail infrastructure, metro trams, trolleybuses, buses, electric rolling stock, electric vehicle charging stations, electric grid connection upgrades and hydrogen fueling stations. NN Group has confirmed that no allocations will be made to assets directly related to the transport of fossil fuels. Sustainalytics considers this to be in line with market practice.
 - Regarding Sustainable Water, Wastewater Management and Water Efficiency category, investments may include projects related to the development, construction, acquisition, installation, operation and upgrade of sustainable water management projects as per the following eligibility criteria:
 - Projects related to water supply systems having a net average energy consumption for abstraction and treatment less than or equal to 0.5 kWh per cubic meter of produced water supply and/or having a leakage level¹¹ below or equal to 1.5.
 - Wastewater facilities having a net energy consumption less than or equal to 35 kWh per Population Equivalent (“PE”) annually for treatment plant capacity below 10,000 PE or 25 kWh per PE annually for treatment plant capacity between 10,000 and 100,000 PE or 20 kWh PE annually for treatment plant capacity above 100,000 PE.
 - Projects that reduce the energy consumption in water supply system, collection system or wastewater treatment plants by at least 20% compared to baseline consumption for 3 years.
 - Sustainalytics notes positively the inclusion of these thresholds and considers investment in this category to be aligned with market practice.
 - Within the Energy Efficiency category, NN Group may finance activities related to manufacturing, maintenance, installation and repair of (i) smart grids and smart metering systems, (ii) building automation and control systems, and (iii) energy storage devices such as batteries.
 - While noting the variety of definitions and applications of “smart grid technology”, Sustainalytics views positively investments that are designed to improve grid efficiency and encourages the Group to select projects that are clearly anticipated to deliver tangible efficiency improvements.

⁸ BENG is the Dutch implementation of the Nearly Zero-Energy Buildings requirements of the EU’s Energy Performance of Buildings Directive. See: <https://business.gov.nl/regulation/building-regulations/>

⁹ Sustainalytics notes that the 30% improvement threshold is aligned with those of recognized initiatives, such as the Low Carbon Buildings sector criteria of the Climate Bonds Initiative and the EU Taxonomy as described by the Draft Delegated Act.

¹⁰ Double glazing or HR++ refers to glass with a coated cavity between two panes. Air or gas is filled in the cavity which works as an insulator improving the energy efficiency of the building.

¹¹ NN Group intends to calculate leakage levels using Infrastructure Leakage Index (ILI) or other recognized methods.

- Sustainalytics views these investments to be in line with the market practice.
- Under the Circular economy adapted products, production technologies and processes and/or certified eco-efficient products category the Group may finance or refinance the development, construction, acquisition, installation, operation and upgrade of projects including:
 - Facilities for collection, sorting and material recovery. Sustainalytics notes that the Issuer confirmed such activities will follow the waste hierarchy.
 - Facilities for the recycling/reuse of materials. The Issuer has confirmed that this only includes mechanical recycling.
 - Facilities for the production of compost.
 - Sustainalytics notes that the above-described activities will be carried out in alignment with market practice.
- Under the Access to Essential Services category NN Group may finance or refinance the development, construction, acquisition, installation, operation and upgrades of publicly accessible healthcare and education. Sustainalytics notes that NN's financing of healthcare activities will be restricted to healthcare systems where access is guaranteed to all regardless of ability to pay. This is in line with market practice.
- Under the Affordable Housing category, the Issuer may finance or refinance the construction, refurbishment, maintenance and operation of social housing infrastructure, meeting the statutory definition and relevant eligibility criteria as set out in the applicable local regulation. Regarding affordable housing, Sustainalytics considers an emphasis on lower-income households to be market practice. Sustainalytics notes that, while NN Group intends to focus on low-income households, financing under this category may include the provision of affordable housing for both low-and middle-income households, which is broader and goes beyond focusing on low-income individuals or households, which is a deviation from market practice, but nonetheless will be consistent with government policy.
- In accordance with the exclusionary criteria set out in the Framework, the bond proceeds will not be allocated to assets directly linked to (i) Fossil-fuel energy (ii) Nuclear energy (iii) Gambling (iv) Tobacco (v) Alcohol (vi) Weapons.
- Project Evaluation and Selection:
 - NN Group's process of evaluating and selecting eligible assets is overseen by its Green, Social and Sustainability Bond Committee (the "Committee") which is comprised of representatives from investment office, corporate citizenship, finance, corporate treasury and risk management. The Committee will meet annually to review and approve eligible assets. The Group has in place internal due-diligence processes to mitigate environmental and social risks associated with the eligible green assets financed in line with official national and international standards and local laws and regulations, which are applicable to all allocation decisions made under the Framework.
 - Sustainalytics considers this to be in line with market practice.
- Management of Proceeds:
 - NN Group's process for management will be overseen by the Committee. The bond proceeds issued under the Framework will be managed in a portfolio approach and will be virtually tracked by the Committee. The Committee will select proceeds in accordance with the eligibility criteria and evaluation and selection process stated above and allocate it an Eligible Asset Portfolio. The Group will strive to achieve a level of allocation of Eligible Asset Portfolio which matches or exceeds the balance of the net proceeds issued under this Framework. NN Group intends to reach full allocation to eligible projects within 36 months of the Sustainability Bond issuance. Unallocated bond proceeds will temporarily be held by the Group at its own discretion, in line with its treasury liquidity policies.
 - Sustainalytics considers this to be in line with market practice.
- Reporting:
 - NN Group is committed to reporting on the allocation and impact of proceeds raised by all the Green, Social or Sustainability bonds via an external report published on its website on an annual basis until full allocation has been reached.
 - Allocation reporting will include total amount of proceeds allocated to eligible assets, number of eligible assets, balance of unallocated proceeds, amount/percentage of

financing and refinancing and geographical distribution of eligible assets (at country level).

- The Group intends to report on the estimated environmental and social impacts of the projects to which it has allocated proceeds. Some of the potential impacts include energy consumption and saving (KWh/m²), total capacity installed (MW), estimated avoided emissions (tCO₂e), number of electric vehicles charging points installed, amount of wastewater treated, reused or avoided (m³), number of beneficiaries in the targeted population.
- Sustainalytics considers NN Group's allocation and impact reporting process to be in line with market practice.

Alignment with Green Bond Principles 2021, Social Bond Principles 2021 and Sustainability Bond Guidelines 2021

Sustainalytics has determined that the NN Group Sustainability Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 4: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Alignment with the EU Taxonomy

Sustainalytics has assessed a share of the Framework's eligible green use of proceeds criteria against the relevant criteria in the EU Taxonomy and determined their alignment with the Taxonomy's three sets of requirements. The results of this assessment are as follows:

1. Technical Screening Criteria ("TSC")
 - Six eligible green criteria outlined in the Framework were identified to be associated with 20 activities of the EU taxonomy, and seven were assessed. At the time of this assessment, six were assessed to be aligned, and one as partially aligned.
2. Do No Significant Harm ("DNSH") Criteria
 - Of the seven eligible green criteria, six were assessed as being aligned, and one as being partially aligned with the applicable DNSH criteria.
 - The seven assessed activities have a total of 23 individual DNSH criteria (across all environmental objectives) applicable to them, with 20 being assessed as aligned, and three as partially aligned.
3. Minimum Safeguards
 - Based on a consideration of the policies and management systems applicable to Framework criteria, as well as the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy's Minimum Safeguards requirements will be met.
 - For Sustainalytics' assessment of alignment with the Minimum Safeguard see Section 2 below.

Table 1 provides an overview of the alignment of NN Group's Framework with the TSC and DNSH criteria for the corresponding NACE activities in the EU Taxonomy

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

Framework Criterion	Alignment with Taxonomy Criteria		Alignment per EU Environmental Objective					
	TSC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
Renovation of existing buildings	■	□		■	□	□	□	-

Acquisition and ownership of buildings ¹²	■	■		■	-	-	-	-
Electricity generation using solar photovoltaic technology	■	■		■	-	■	-	■
Electricity generation from wind power	■	■		■	■	■	-	■
Passenger interurban rail transport	■	■		■	-	■	■	-
Freight rail transport	■	■		■	-	■	■	-
Infrastructure for rail transport	■	■		■	■	■	■	■
Infrastructure enabling low-carbon road transport and public transport								
Construction, extension and operation of water collection, treatment and supply systems	Not assessed at this time ¹³							
Renewal of water collection, treatment and supply systems								
Construction, extension and operation of waste water collection and treatment								
Transmission and distribution of electricity								
Storage of electricity								
Installation, maintenance and repair of energy efficiency equipment								
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings								
Collection and transport of non-hazardous waste in source segregated fractions								
Anaerobic digestion of bio-waste								
Composting of bio-waste								
Material recovery from non-hazardous waste								

Legend	
Aligned	■
Partially aligned	□
Not aligned	☒
No applicable DNSH criteria for this Objective and/or Activity	—
Grey shading indicates the primary EU Environmental Objective	

* The EU Taxonomy has not yet defined TSC for EU Environmental Objectives other than Climate Mitigation and Climate Adaptation. In cases where an activity of the Framework has the intent of advancing a different Objective, Sustainalytics has assessed alignment against the DNSH criteria for all six Objectives.

Section 2: Sustainability Strategy of NN Group

Contribution of framework to NN Groups sustainability strategy

NN Group has implemented responsible investment as a strategic priority to drive and execute the Group's sustainability efforts.¹⁴ In terms of environmental strategy, the Group has set out its approach to manage the

¹² Sustainalytics notes that NN Group has indicated that the vast majority of its real estate holdings are within the residential buildings sector and that as the criteria relates to residential buildings this portion of the portfolio would be considered aligned.

¹³ The Framework includes eligibility criteria for multiple potential projects that fall under the highlighted activities. Sustainalytics notes that NN Group does not yet have projects in these areas and has not provided sufficient detail in its framework criteria to enable Sustainalytics to assess these areas against the EU Taxonomy. NN Group has indicated it intends, on a best effort basis, to align with the relevant TSC and DSNH in the EU Delegated Act.

¹⁴ NN Group, "Sustainability", at: <https://www.nn-group.com/sustainability.htm>

environmental impacts of its investment activities, operations and supply chain and commits to support key ESG-related principles and standards including the UN Principles for Responsible Investment ("UN PRI") and UN Global Compact.¹⁵ The Group has also committed to achieve a net-zero carbon investment portfolio by 2050 in line with the Paris Agreement and reported in 2021 that 91% of NN Investment Partners' Assets under Management are ESG-integrated.¹⁶

In line with its sustainability strategy, the Group has developed a Responsible Investment (RI) Framework policy, through which it systematically incorporates ESG factors into its investment decision-making process.¹⁷ In addition to long-term strategies, the Group has defined several other short-term quantitative targets to track consistent improvement. These include increasing the number of women in senior roles¹⁸ by 40% and contributing 1% of the Group's operating revenue¹⁹ towards communities via cash donations. The Group aims to achieve these targets by 2023.²⁰

In 2021, the Group continued to be included in the Dow Jones Sustainability World Index and the FTSE4Good Index.²¹ Furthermore, NN Group was ranked second out of 30 Dutch insurance companies in the Benchmark for responsible investment by the Dutch Association of Investors for Sustainable Development (VBDO).^{22,23}

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

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

Sustainalytics recognizes that while projects financed through issuances under this Framework are anticipated to provide environmental and social benefits, some projects may have associated environmental and social risks. These risks include, but are not limited to worker health and safety, land and biodiversity concerns associated with construction and improper disposal of site waste. Sustainalytics is of the opinion that the Group is able to manage and/or mitigate potential risks through implementation of the following practices and regulations:

- The Group has in place an RI Framework policy which incorporates ESG aspects into its investment strategies, policies, decision-making, and related processes. The RI policy, which applies to all proprietary assets of the Group, follows a defined RI criteria which is in line with relevant laws, Group values and internationally recognized standards such as United Nations Global Compact. The RI policy mandates its ESG committee to assess whether a client is in violation of the RI criteria, which broadly includes (i) human rights, (ii) labour rights (iii) environment, (iv) bribery and corruption and (v) governance. This is being supported by NN Group's "Investment Guidance paper on the Environment", which is a supporting document to implement the RI Policy Framework and provide internal guidance to their asset managers.^{24,25}
- Projects funded by the Group that may pose a risk to the environment must comply with the EU Environment Impact Assessment (EIA) Directive 2014/52/EU (the "Directive").²⁶ The Directive aims to ensure that projects which are likely to have significant impact on the environment are adequately assessed before approval. The Directive requires that measures must be taken to "avoid, prevent, reduce and if possible, offset significant adverse effects on the environment, in particular on species and habitats".²⁷
- Several countries in Europe are classified as "Designated Country" under the Equator Principles,²⁸ implying the presence of robust environment and social governance systems, legislation, and institutional capacity for protecting the environment and communities. Furthermore, the laws and

¹⁵ NN Group, "Environmental Statement", at: <https://www.nn-group.com/nn-group/file?uuid=ab280c84-20b0-460d-b664-08ede65776ef&owner=84c25534-c28a-4a64-9c78-5cc1388e4766&contentid=7438>

¹⁶ NN Group, "Facts and Figures", at: <https://www.nn-group.com/sustainability/facts-figures.htm>

¹⁷ NN Group, "Responsible Investment Framework Policy", (2021), at: <https://www.nn-group.com/sustainability/responsible-investment.htm>

¹⁸ Senior role refers to positions in management board and management boards minus 1 managerial position.

¹⁹ Based on a three-year average of operating result before tax.

²⁰ NN Group, "Facts and Figures", at: <https://www.nn-group.com/sustainability/facts-figures.htm>

²¹ Ibid.

²² VBDO is a Dutch Association which benchmarks companies as per their performance in sustainable investment.

²³ NN Group, "Facts and Figures", at: <https://www.nn-group.com/sustainability/facts-figures.htm>

²⁴ NN Group, "Responsible Investment Framework policy", at: <https://www.nn-group.com/nn-group/file?uuid=172f0b96-97bc-4a84-a849-a88333a495f9&owner=84c25534-c28a-4a64-9c78-5cc1388e4766&contentid=10777>

²⁵ NN Group, "Investment Guidance paper on the Environment", at: <https://www.nn-group.com/sustainability/responsible-investment.htm>

²⁶ EU, "Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment", (2014), at:

<https://eurlex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

²⁷ EUR-Lex, "Directive 2014/52/EU", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

²⁸ Equator Principles, "Designated Countries", (2019), at: 27 October 2021

regulations in the country related to zoning, integrated environmental permits and exemptions, including specific construction-related permits and additional approvals, must be considered. Regarding environmental risks for construction projects, legislation may apply to soil protection, water abstraction, noise and vibration abatement, nature conservation, and heritage.²⁹

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

Alignment with the EU Taxonomy's Minimum Safeguards

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

Human and Labour Rights

NN Group has implemented the following policies and procedures aimed at ensuring human rights:

- NN Group's "Investment Guidance paper on Human Rights" guides its investment decisions through a due diligence process based on key ESG issues including health and safety, and land rights conflicts.³⁰ This paper aims to align the Group's Responsible Investment Policy Framework with the UN Global Compact's pillar of Human Rights.³¹
- NN Group's "Human Rights Statement" outlines a commitment to the International Bill of Human Rights, which consist of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights.³²
- NN Group has demonstrated a commitment to labour rights through its ratification of the eight Fundamental Conventions of the International Labour Standard and compliance with national and international employment requirements, as well as a Human Capital policy that incorporates whistleblowing mechanisms, health and safety policies, diversity policies, and policies pertaining to community relations.

Sustainalytics has, based on the work of its research services and its ESG Risk Rating assessment, evaluated the performance of NN Group in the areas of human and labour rights, and has not detected involvement in any significant controversies which would suggest that the above policies are not being implemented effectively. Sustainalytics is of the opinion that these measures appropriately safeguard minimum standards on human and labour rights in relation to the activities of the framework.

Anti-bribery and anti-corruption

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

- NN Group's Code of Conduct guides its policies and procedures on bribery and corruption related topics including conflicts of interest, insider trading, fraud and anti-trust.³³ The Group makes available the content of this Code via a digital portal to all employees and hosts regular global training sessions to maintain employee awareness on the risks of bribery and corruption, including insider trading and market abuse.

Sustainalytics has, based on the work of its research services and its ESG Risk Rating assessment, evaluated the performance of the NN Group in the area of anti-bribery and anti-corruption rights, and has not detected involvement in any relevant controversies which would suggest that the above policies are inadequate in

²⁹ Lexology, "Construction in the Netherlands", at: <https://www.lexology.com/library/detail.aspx?g=b603b073-a0c0-4e45-932e-fce5bb9e42ff>

³⁰ NN Group document "Investment Guidance paper on Human Rights", at: <https://www.nn-group.com/nn-group/file?uuid=5a636f65-e48f-4b47-a4d5-5f4c51f0c75e&owner=84c25534-c28a-4a64-9c78-5cc1388e4766&contentid=7611>

³¹ Ibid.

³² NN Group, "Human Rights Statement", at: <https://www.nn-group.com/nn-group/file?uuid=6ae48d99-2329-44c7-83f1-806fcb38a634&owner=84c25534-c28a-4a64-9c78-5cc1388e4766&contentid=7323>

³³ NN Group, "Compliance – NN Group Code of Conduct", available at: <https://www.nn-group.com/our-company/corporate-governance/compliance.htm>

addressing key risks. Sustainalytics is of the opinion that these measures appropriately safeguard anti-bribery and anti-corruption in relation to the activities of the Framework.

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

Section 3: Impact of Use of Proceeds

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

Importance of promoting green buildings in Europe

According to the European Commission (EC), as of 2020, buildings are responsible for almost 40% of energy consumption and 36% of CO₂ emission in the EU.³⁴ Approximately 35% of EU buildings are more than 50 years old and 75% of building stock is not energy efficient.³⁵ About 85% of the EU's building stock was built before 2001 and 85-95% of buildings of the current building stock will still be standing in 2050.³⁶ EU's GHG emission decreased by 24% between 1990 and 2019, exceeding the target of 20% reduction by 2020.³⁷ Despite the current trend, additional measures are required to meet the EU's 2030 target of at least 55% GHG reduction.³⁸ To achieve this, GHG emission of the EU's building stock should be reduced by 60%, final energy consumption by 14% and energy consumption for heating and cooling by 18% (compared to 2015 levels).³⁹ According to the EC, significant energy savings can be achieved through renovation and retrofitting, potentially reducing the EU's total energy consumption by 5-6% and lowering the CO₂ emissions by about 5%.⁴⁰ Nevertheless, the current renovation speed is slow⁴¹ and must triple from 1% to 3% annually to achieve a low carbon building stock.⁴² In 2019, a study conducted by the EU Commission shows that the trend of uptake of nearly zero-energy buildings between 2012 and 2016 is on the rise with a peak in 2014.⁴³ Given this potential, the EU announced, in 2020, the European Green Deal which includes a focus on scaling up renovations of buildings in the EU Member States and constructing new greener buildings.⁴⁴

Considering this context, Sustainalytics is of the opinion that the proceeds raised under this Framework will support in decarbonizing Europe's built environment and thereby help the country move closer to its climate goals.

Importance of increased renewable energy share in Europe

The energy sector accounts for over 75% of greenhouse gas emissions in the EU.⁴⁵ According to a report by IRENA, fossil fuels are responsible for about 71% of the EU's primary energy supply despite the ongoing efforts to transition away from fossil fuels and reduce greenhouse gas emissions.⁴⁶ As of 2019, the share of renewable energy in EU's total energy consumption accounted for 19.7%.⁴⁷

³⁴ European Commission, "In focus: Energy efficiency in buildings", (2020), at: https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-feb-17_en

³⁵ European Commission, "New Rules for Greener and Smarter Buildings will increase quality of life for all Europeans" at: https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15_en

³⁶ European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives", at: https://eurlex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF

³⁷ European Environment Agency, "Total greenhouse gas emission trends and projections in Europe", available at: <https://www.eea.europa.eu/data-and-maps/indicators/greenhouse-gas-emission-trends-7/assessment>

³⁸ Climate Action Tracker, "EU", available at: <https://climateactiontracker.org/countries/eu/>

³⁹ European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives", at: https://eurlex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF

⁴⁰ European Commission, "New Rules for Greener and Smarter Buildings will increase quality of life for all Europeans" at: https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15_en

⁴¹ European Commission, "New Rules for Greener and Smarter Buildings will increase quality of life for all Europeans" at: https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15_en

⁴² European Commission, "Comprehensive study of building energy renovation activities and the uptake of nearly zero-energy buildings in the EU", (2019), at: https://ec.europa.eu/energy/sites/ener/files/documents/1_final_report.pdf

⁴³ Publication Office of the EU, "Comprehensive study of building energy renovation activities and the uptake of nearly zero-energy buildings in the EU", at: <https://op.europa.eu/en/publication-detail/-/publication/97d6a4ca-5847-11ea-8b81-01aa75ed71a1/language-en/format-PDF/source-119528141>

⁴⁴ EC, "Building and renovating", (2019), at: https://ec.europa.eu/commission/presscorner/detail/en/fs_19_6725

⁴⁵ European Commission, "Powering a climate-neutral economy", (2020), at: https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1259

⁴⁶ IRENA, "Renewable Energy Prospects for the European Union", (2018), at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Feb/IRENA_REmap_EU_2018.pdf

⁴⁷ Eurostat, "What is the share of renewable energy in the EU?", at: <https://ec.europa.eu/eurostat/cache/infographs/energy/bloc-4c.html>

As part of the European Green Deal, the EU has set the ambitious goal to become climate-neutral by 2050⁴⁸ which is in line with the EU's commitment under the Paris Agreement to keep the global temperature increase to well below 2°C and pursue efforts to keep it to 1.5°C.⁴⁹ The EU has set intermediary targets to achieve this goal. By 2030, it aims to reduce GHG emissions by 40% compared to 1990 levels and to increase the share of total energy coming from renewable energy sources to at least 32%.⁵⁰ Forecast studies have shown that to achieve a 35% share of renewable energy sources in final consumption, total renewable electricity production should range between 60-65%, demonstrating the need for substantial expansion of renewable energy production.⁵¹

Based on the above, Sustainalytics is of the opinion that NN Group's financing of renewable energy projects can lower fossil fuel share in electricity generation, decrease electricity's carbon intensity and assist the EU in meeting its binding target for renewable energy.

Importance of access to affordable housing in Europe

Europe is in the midst of a housing crisis.⁵² This issue is partly due to factors such as mismatch between demand and supply of housing stock, increased housing prices and rents relative to incomes and the privatization of social housing units over recent years.⁵³ More than 70% of European citizens live in urban areas⁵⁴, a percentage that is only set to increase in the future. Forecasts on continuing urbanisation expect an increase to approximately 83.7% by 2050.⁵⁵ One in ten Europeans spend more than 40% of their income on housing.⁵⁶ Surveys have shown that most EU citizens found it more difficult to find affordable housing in capital cities than in other cities. If no measures are taken, the percentage of affordable housing is expected to decline from 61% in 2015 to 43% in 2025, affecting the low- to moderate-income households the hardest.⁵⁷ Recognizing access to affordable housing as a fundamental human right, the European Parliament calls for stronger action to end homelessness in the EU by 2030 and ensure legal provisions to keep housing affordable.⁵⁸

Considering the above, and highlighting NN Group's investments under the Framework, Sustainalytics is of the opinion that financing affordable housing use of proceeds will create overall positive social impact by increasing the availability and accessibility of affordable housing in Europe.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the NN Group Sustainability Bond Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

⁴⁸ European Commission, "European Climate Law", at: https://ec.europa.eu/clima/eu-action/european-green-deal/european-climate-law_en

⁴⁹ European Commission, "Paris Agreement", at: https://ec.europa.eu/clima/policies/international/negotiations/paris_en

⁵⁰ European Commission, "2030 climate and energy framework", at: https://ec.europa.eu/clima/eu-action/climate-strategies-targets/2030-climate-energy-framework_en

⁵¹ IFRI, "More renewables in the European Union? Yes, we can", (2018), at: <https://www.ifri.org/en/publications/editoriaux-de-lifri/edito-energie/more-renewables-european-union-yes-we-can>

⁵² OECD forum, "Tackling Europe's housing crisis", at: <https://www.oecd-forum.org/posts/tackling-europe-s-housing-crisis>

⁵³ Euro Cities, "Housing affordability: A European crisis", (2020), at: <https://eurocities.eu/latest/housing-affordability-a-european-crisis/>

⁵⁴ Marcotrends, "European Union urban population 1960-2021", at: <https://www.marcotrends.net/countries/EUU/european-union/urban-population>

⁵⁵ European Commission, "Competence centre on foresight" at: https://knowledge4policy.ec.europa.eu/foresight/topic/continuing-urbanisation/developments-and-forecasts-on-continuing-urbanisation_en

⁵⁶ OECD forum, "Tackling Europe's housing crisis", at: <https://www.oecd-forum.org/posts/tackling-europe-s-housing-crisis>

⁵⁷ European Commission, "Competence centre on foresight" at: https://knowledge4policy.ec.europa.eu/foresight/topic/continuing-urbanisation/developments-and-forecasts-on-continuing-urbanisation_en

⁵⁸ European Parliament, "EU should set goal to end homelessness by 2030", at: <https://www.europarl.europa.eu/news/en/press-room/20201120IPR92124/eu-should-set-goal-to-end-homelessness-by-2030>

Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
Sustainable water, wastewater management, and water efficiency	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, Double the global rate of improvement in energy efficiency.
Circular economy adapted products, production technologies and processes and/or certified eco-efficient products	12. Responsible Consumption and Production	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.
Assess to essential services	3. Good Health and Well-Being 4. Quality Education	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all. 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university. 4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
Affordable Housing	11 Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

Conclusion

NN Group has developed the NN Group Sustainability Bond Framework under which it may issue green, social and sustainability bonds and use the proceeds to finance eligible project categories: (i) Green Buildings, (ii) Renewable Energy, (iii) Clean Transportation, (iv) Sustainable Water, Wastewater Management and Water Efficiency (v) Energy Efficiency, (vi) Circular economy adapted products, production technologies and processes and/or certified eco-efficient products, (vii) Access to Essential Services and (viii) Affordable Housing. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impact in Europe.

The Framework outlines a process by which proceeds will be tracked, allocated, and managed and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of NN Group and that the use of proceed categories will contribute to the advancement of UN SDGs 3, 4, 6, 7, 11 and 12. Additionally, Sustainalytics is of the opinion that NN Group has adequate measure to identify, manage and

mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that NN Group is well-positioned to issue green, social or sustainability bonds and that the Framework is robust, transparent, and in alignment with the four core components of the GBP 2021, SBP 2021 and SBG 2021.

Appendices

Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant NACE⁵⁹ activity in the EU Taxonomy. This appendix describes Sustainalytics' process and presents the outcome of its assessment of alignment with the Taxonomy's applicable Technical Screening Criteria (TSC) and Do No Significant Harm (DNSH) criteria. Sustainalytics' assessment involves two steps:

1. Mapping Framework Criteria to Activities in the EU Taxonomy

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

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

The outcome of Sustainalytics' mapping process for NN Group's Framework is shown in Error! Reference source not found. below.

2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics' process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the TSC and DNSH criteria is usually based on the specific criteria contained in the issuer's Framework, and may in many cases (especially DNSH criteria) also be based on management systems and processes and/or regulatory compliance. To assess alignment with the EU Taxonomy's Minimum Safeguards Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds, as well as examining the regulatory context in the geographical location in which the issuer will finance activities and projects. (This assessment is included in Section 2, above.)

In cases where the Framework criteria describe projects which are intended to advance EU environmental objectives other than Climate Mitigation or Climate Adaptation, the Taxonomy does not include relevant TSC. In these cases, Sustainalytics has assessed the activity for alignment with the DNSH criteria across all objectives.

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

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU / NACE Activity	NACE Code	Primary EU Environmental Objective	Refer to Table
Green Buildings	Residential Green Buildings	Renovation of existing buildings	F41	Mitigation	Table 3
	Commercial Green Buildings		F43		
	Residential Green Buildings	Acquisition and ownership of buildings	L68	Mitigation	Table 4
	Commercial Green Buildings				
	Solar Energy	Electricity generation using solar photovoltaic technology	D35.11 F42.22	Mitigation	Table 5

⁵⁹ The EU Taxonomy is based on economic activities defined in NACE (Nomenclature des Activités Économiques dans la Communauté Européenne). The Taxonomy currently lists 70 economic activities which have been chosen due to their ability to substantially contribute to climate change mitigation or adaptation.

Renewable Energy	Wind Energy	Electricity generation from wind power	D35.11 F42.22	Mitigation	Table 6
	Passenger rail transportation	Passenger interurban rail transport	H49.10 N77.39	Mitigation	Table 7
Clean Transportation	Freight rail transportation	Freight rail transport	H49.20 N77.39	Mitigation	Table 8
	Electric rail infrastructure	Infrastructure for rail transport	F42.12 F42.13 M71.12 M71.20 F43.21 H52.21	Mitigation	Table 9
	Electric vehicle infrastructure	Not assessed at this time ⁶⁰			
	Water treatment systems	Not assessed at this time ⁶¹			
	Water treatment systems				
Sustainable Water, Wastewater Management and Water Efficiency	Wastewater treatment systems				
	Smart grids and smart metering systems				
	Energy storage				
Energy Efficiency	Building automation and control systems				
	Smart grids and smart metering systems				

⁶⁰ The Framework includes eligibility criteria for multiple potential projects that fall under the highlighted activities. Sustainalytics notes that NN Group does not yet have projects in these areas and has not provided sufficient evidence in its framework criteria to enable Sustainalytics to assess these areas against the EU Taxonomy. NN Group has indicated it intends to on a best effort basis to align with the relevant TSC and DSNH in the EU Delegated Act.

⁶¹ The Framework includes eligibility criteria for multiple potential projects that fall under the highlighted activities. Sustainalytics notes that NN Group does not yet have projects in these areas and has not provided sufficient evidence in its framework criteria to enable Sustainalytics to assess these areas against the EU Taxonomy. NN Group has indicated it intends to on a best effort basis to align with the relevant TSC and DSNH in the EU Delegated Act.

	Facilities for collection, sorting and material recovery	
Circular economy adapted products, production technologies and processes and/or certified eco-efficient products	Anaerobic digestion	
	Biogas from organic waste	
	Facilities for the production of compost	
	Facilities for the recycling/reuse of materials	

Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of Issuer's Framework criteria with the EU Taxonomy's TSC and DNSH criteria for the relevant NACE activity.

Table 3

Framework Activity assessed		Green Buildings	
EU Activity		Renovation of existing buildings	
NACE Code		F41, F43	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	The building renovation complies with the applicable requirements for major renovations. Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30 %.	Existing Dutch residential buildings should have realized an improvement of 30% in the primary energy demand (PED) after a renovation (as mentioned in the Framework), through a succession of measures within a maximum of three years, in order to be eligible for green financing purposes. [Currently NN Group is not planning to allocate Eligible Assets under this subcategory. If it will do so, a more granular approach will be developed in order to select refurbished buildings in line with EUT criteria.]	Aligned
DNSH Criteria		Alignment with DNSH Criteria	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 10		
Sustainable use and protection of water and marine resources	Where installed as part of the renovation works, except for renovation works in residential building units, the specified water use for the following water appliances is attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix E to the annex: (a) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min; (b) showers have a maximum water flow of 8 litres/min; (c) WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres; (d) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre.	NN Group relies on compliance with laws and regulations of the countries where eligible projects are located. Also NN relies on inspection and certification processes employed by the project parties involved in infrastructure investments. It gathers evidence during due diligence in regard to certifications and sourcing. These include information provided privately by the project parties and project commitments, as well as publicly available information. Such certifications may include, but are not limited to an Environmental Impact Assessment (EIA) According to the Dutch Building Decree 2012, the NEN 1006 requirements should be met. NEN 1006 gives requirements which drinking water installations should at least meet with a view to public health, safety and efficiency. ⁶²	Partially aligned

⁶² More information on NEN 1006 requirements can be found here: <https://www.infodwi.nl/IDWI/media/infodwi/WB-2-1-C-dec-2015.pdf>

Transition to a circular economy	At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste. Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887 or other standards for assessing the disassembly or adaptability of buildings, how they are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling.	Legislative framework in EU The Waste Framework Directive 2008/98/EC Directive 2008/98/EC ("Waste Framework") shall be transposed into national regulation where NN Group's eligible assets are located. Under the Waste Framework Directive (2008/98/EC) Member States must achieve 70 per cent of material recovery of non-hazardous, non-soil and stone C&D waste, by 2020. The recovery rate is sufficiently high in the countries where NN is active Legislative framework in UK Directive 2008/98/EC ("Waste Framework") is implemented in the United Kingdom (UK) by The Waste Regulations 2011 , SI 2011/988Waste (Circular Economy) (Amendment) Regulations 2020, SI 2020/904. The diversion of large percentages of Construction Demolition & Excavation (CD&E) waste from landfill has become standard practice, with CD&E diversion rates now typically exceeding 90% in England. Table 5. Recovery rate from non-hazardous construction and demolition waste, UK and England, 2010-18 - UK Statistics on Waste The measures are in line with the national waste management plan. The EU's Waste Framework Directive (2008/98/EC) was adopted at national level in the Netherlands e.g. the form of the Afvalpreventieprogramma Nederland (Waste Prevention Program Netherlands). implemented and continuously amended. As long as NN Group does not knowingly become aware of any contrary information, it is assumed the legislation currently in force is complied with. In the Dutch Building Decree it is required to have proper separation of construction waste.⁶³ Looking at the waste management and recycling data of the Netherlands, it can be concluded that	Partially aligned
----------------------------------	--	---	-------------------

⁶³ Decree of 29 August 2011 laying down regulations with regard to the construction, use and demolition of structures (Building Decree 2012), at: https://wetten.overheid.nl/BWBR0030461/2021-01-01#Hoofdstuk8_Afdeling8.2

		currently, 77% of waste is recycled and the residual waste is mainly used for energy production. ⁶⁴	
Pollution prevention and control	Building components and materials used in the construction comply with the criteria set out in Appendix C to the annex. Building components and materials used in the building renovation that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m³ of material or component upon testing in accordance with the conditions specified in Annex XVII to Regulation (EC) No 1907/2006 and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/EN 16516 or ISO 16000-3:2011 or other equivalent standardised test conditions and determination methods. Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.	NN Group abides by all national regulatory requirements where NN Group's assets are located Legislative framework in EU <u>Regulation (EU) 2019/1021</u> Regulation (EU) 2019/1021 on persistent organic pollutants. This EU regulation shall be transposed into national regulation where NN Group's eligible assets are located. <u>Regulation (EU) 2017/852</u> The objective of this Regulation is to ensure a high level of protection of human health and the environment from anthropogenic emissions and releases of mercury and mercury compounds. This EU regulation shall be transposed into national regulation where NN Group's eligible assets are located. Regulation (EC) No 1005/2009 This Regulation lays down rules on the production, import, export, placing on the market, use, recovery, recycling, reclamation and destruction of substances that deplete the ozone layer. This EU regulation shall be transposed into national regulation where NN Group's eligible assets are located. Directive 2011/65/EU This Directive sets out provisions on the restriction of the use of hazardous substances in electrical and electronic equipment. This EU regulation shall be transposed into national regulation where NN Group's eligible assets are located. Regulation (EC) 1907/2006 Concerns the registration, evaluation, authorisation and restriction of chemical substances. This EU regulation shall be transposed into national regulation where NN Group's eligible assets are located. Legislative framework in UK The above mentioned Directive are transposed into UK regulation: Regulation (EU) 2019/1021: The Persistent Organic Pollutants Regulations 2007.	Partially aligned

⁶⁴ See here: <https://rwsenvironment.eu/subjects/from-waste-resources/elements-dutch-waste/>

		• Regulation (EU) 2017/852: The Control of Mercury (Enforcement) Regulations 2017 • Regulation (EC) No 1005/2009: The Ozone-Depleting Substances Regulations 2015. • Directive 2011/65/EU: The Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (Amendment) Regulations 2021 • Regulation (EC) 1907/2006: EU REACH Regulations Testing for contaminants and procedures for handling any contaminants are strictly regulated by national building legislations and prevent use of substances in concerns. In the Dutch Building Decree there is a limit to the concentration of formaldehyde, expressed in a maximum concentration for areas instead of per M3 of material (as per EU Taxonomy).⁶⁵ Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works in line with the Dutch Building Decree.⁶⁶ In the Netherlands, under the Spatial Planning Act (Wet ruimtelijke ordening, Wro), sites are designated for specific activities. To this end, all interests are carefully considered, e.g. the importance of nature, the living enjoyment by residents in the vicinity, etc. It is prohibited to manufacture, import or trade products containing mercury in the Netherlands, such as thermometers and manometers, light sources, or electronic products (e.g. switches).⁶⁷	
--	--	--	--

⁶⁵ Artikel 7.19 Asbestvezels en formaldehyde, at: https://rijksoverheid.bouwbesluit.com/Inhoud/docs/wet/bb2012_nvt/artikelsgewijs/hfd7/afd7-3/art7-19

⁶⁶ Bouwbesluit 2021, at https://wetten.overheid.nl/BWBR0030461/2021-04-01#Hoofdstuk8_Afdeling8.1

⁶⁷ See more information: <https://business.gov.nl/regulation/products-containing-mercury/>

Table 4

Framework Activity assessed		Green Buildings	
EU Activity		Acquisition and ownership of buildings	
NACE Code		L68	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	1. For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings. 2. For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1 of the annex that are relevant at the time of the acquisition. 3. Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.	1. NN Group’s Eligibility Criteria for Dutch residential properties built before 31 December 2020 are cumulative: residential buildings must have an EPC label “A” AND must belong to the top 15% low-carbon residential buildings in The Netherlands, otherwise they do not qualify. Currently, the number of buildings with EPC Label A in the Netherlands exceeds the top 15%. Therefore a cut-off will be included, based on the year of construction. NN Group will rely on the support of external consultant to identify up-to-date data of the top 15% energy efficient buildings in The Netherlands. 2. Please see the input under Section 7.1 3. NN Group relies on compliance with laws and regulations of the countries where eligible projects are located. Also NN relies on inspection and certification processes employed by the project parties involved in infrastructure investments. It gathers evidence during due diligence in regard to certifications and sourcing. These include information provided privately by the project parties and project commitments, as well as publicly available information. Such certifications may include, but are not limited to an Environmental Impact Assessment (EIA).	Partially aligned
Alignment with DNSH Criteria		DNSH Criteria	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 10		

Table 5

Framework Activity assessed		Renewable Energy	
EU Activity		Electricity generation using solar photovoltaic technology	
NACE Code		D35.11 F42.22	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	The activity generates electricity from solar power using photovoltaic technology.	Eligible by default.	Aligned
DNSH Criteria		Alignment with DNSH Criteria	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 10		
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	NN Group requires and relies on compliance with laws and regulations of the countries where eligible projects are located. NN Group also relies on inspection and certification processes employed by the project parties. NN gathers evidence during due diligence (e.g. technical DD) regarding the environmental aspects of the project. In the EU, the Waste Electrical and Electronic Equipment Directive (WEEE) regulates the treatment of electrical and electronic waste at the end of their life cycle. WEEE set the fundamental legal rules and obligation for collecting and recycling photovoltaic panels in the European Union, including setting minimum collection and recovery targets. All photovoltaic modules available in the EU can be disposed of, notwithstanding the type of technology used. Most parts of a solar module can be recycled, including glass, semiconductor materials, ferrous and non-ferrous metals. Last but not least, it is relatively commonplace on large solar pv projects for the land leases to contain specific handback conditions, including decommissioning and dismantling of the project installations at the end of the lease term.	Aligned

Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 11
---	---

Table 6

Framework Activity assessed		Renewable Energy	
EU Activity		Electricity generation from wind power	
NACE Code		D35.11 F42.22	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	The activity generates electricity from wind power.	Eligible by default	Aligned
DNSH Criteria		Alignment with DNSH Criteria	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 10		
Sustainable use and protection of water and marine resources	In case of construction of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC of the European Parliament and of the Council, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for that descriptor.	NN Group can rely on robust regulatory regimes and laws and regulation (e.g. Directive 2008/56/EC, Birds and Habitats Directive) in the European countries in which projects may be located. NN Group conducts a due diligence process, including both public and private information on the project to which financing is provided, to ensure appropriate assessments have been carried out. Furthermore, all European offshore wind projects are subject to strict environmental permitting which requires an extensive EIA to be conducted in accordance with legislation and regulations. Legislative framework in EU In 2008, the EU adopted the Marine Strategy Framework Directive (2008/56/EC), which requires Member States to draw up marine strategies (management plans) to achieve good environmental status in their marine areas. The overall criteria for assessing good environmental status are determined by the EU, and these criteria are adapted and further refined through work done under the regional marine conventions and at national level. The strategies	Aligned

		are to include an assessment of the state of the environment and a description of environmental targets, monitoring programmes and measures to achieve or maintain good environmental status. For all member states of the European Union, the Marine Strategy Framework Directive (2008/56/EC) can be assumed to be transposed into national regulation. Legislative framework in UK Directive 2008/56/EC ("Marine Strategy Framework Directive") is implemented in the United Kingdom (UK) by The Marine Strategy Regulations 2010. The Directive is wide-ranging and sets out 11 Descriptors, including Introduction of energy, including underwater noise, is at levels that do not adversely affect the marine environment ('Descriptor 11' or 'D11').	
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	Eligible Green Assets are subject to decommissioning obligations as per regulation. Dismantling of wind turbines is regulated by national legislation. For example, in the Netherlands, the dismantling of wind turbines falls under the Building Decree 2012, whereas in France decommissioning of wind turbines is regulated by the 'arrêté du 26 août 2011 relatif à la remise en état et à la constitution des garanties financières pour les installations de production d'électricité utilisant l'énergie mécanique du vent' and the 'code de l'environnement' NN Group conducts a due diligence process, including both public and private information from its clients to which financing is provided, to ensure appropriate assessments have been carried out. Furthermore, all European offshore wind projects are subject to strict environmental permitting which requires an extensive EIA to be conducted in accordance with legislation and regulations.	Aligned
Protection and restoration of biodiversity and ecosystems	In case of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity), laid down in Annex I to that Directive, and as set out in Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors.	Refer to the assessment set out in Appendix 3, Table 11 At NN Group, we strive to conduct our business in a manner that is environmentally and socially responsible. In the investment due diligence process we encourage our asset managers to take into account relevant standards and principles related to environment and biodiversity. Refer also to the 'Investment Guidance paper on the Environment'.	Aligned

		In addition, in Europe where NN's projects for eligible assets are located the legislation requires that EIA's are carried out as a prerequisite to the planning and permitting process. Prior to making an investment in any offshore wind farm, detailed due diligence is carried out, including an independent review of the EIA by the lenders' technical adviser and to ensure alignment with regulation. This is considered to be particularly important for large-scale offshore wind projects which are often located in or near High Conservation Value areas.	
--	--	---	--

Table 7

Framework Activity assessed		Clean Transportation	
EU Activity		Passenger interurban rail transport	
NACE Code		H49.10 N77.39	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	The activity complies with one of the following criteria: (a) the trains and passenger coaches have zero direct (tailpipe) CO2 emissions; (b) the trains and passenger coaches have zero direct (tailpipe) CO2 emission when operated on a track with necessary infrastructure, and use a conventional engine where such infrastructure is not available (bimode).	The listed EU Taxonomy mitigation criteria are met by the use of proceeds eligibility criteria outlined in the Framework. (only electric rolling stock is eligible)	Aligned
DNSH Criteria		Alignment with DNSH Criteria	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 10		
Transition to a circular economy	Measures are in place to manage waste in accordance with the waste hierarchy, in particular during maintenance.	NN Group relies on the compliance of the railway operator with their national legislation, with the EU latest directives and their public commitments to become more sustainable on waste management. Legislative framework in EU The Waste Framework Directive 2008/98/EC Directive 2008/98/EC ("Waste Framework") shall be transposed into national regulation where NN Group's eligible assets are located.	Aligned

		Under the Waste Framework Directive (2008/98/EC) Member States must achieve 70 per cent of material recovery of non-hazardous, non-soil and stone C&D waste, by 2020. The recovery rate is sufficiently high in the countries where NN is active⁶⁸ Legislative framework in UK Directive 2008/98/EC ("Waste Framework") is implemented in the United Kingdom (UK) by The Waste Regulations 2011⁶⁹, SI 2011/988 Waste (Circular Economy) (Amendment) Regulations 2020, SI 2020/904. The diversion of large percentages of Construction Demolition & Excavation (CD&E) waste from landfill has become standard practice, with CD&E diversion rates now typically exceeding 90% in England. Table 5. Recovery rate from non-hazardous construction and demolition waste, UK and England, 2010-18 - UK Statistics on Waste⁷⁰	
Pollution prevention and control	Engines for the propulsion of railway locomotives (RLL) and engines for the propulsion of railcars (RLR) comply with emission limits set out in Annex II to Regulation (EU) 2016/1628 of the European Parliament and of the Council.	Eligible assets are fully electric and therefore comply with emissions limits set out in Annex 2 Regulation (EU) 2016/1628 of the European Parliament and of the Council.	Aligned

Table 8

Framework Activity assessed		Clean Transportation	
EU Activity		Freight rail transport	
NACE Code		H49.20 N77.39	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	1. The activity complies with one or both of the following criteria: (a) the trains and wagons have zero direct tailpipe CO2 emission; (b) the trains and wagons have zero direct tailpipe CO2 emission when operated on a track with necessary infrastructure, and use a conventional engine where such infrastructure is not available (bimode). 2. The trains and wagons are not dedicated to the transport of fossil fuels.	1. The listed EU Taxonomy mitigation criteria are met by the use of proceeds eligibility criteria outlined in the Framework (only electric rolling stock is eligible) 2. No allocations will be made to assets directly related to fossil fuel.	Aligned

⁶⁸ See here: https://ec.europa.eu/eurostat/databrowser/view/cei_wm040/default/table?lang=en

⁶⁹ See here: <https://www.legislation.gov.uk/ukxi/2011/988/schedules>

⁷⁰ See here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002246/UK_stats_on_waste_statistical_notice_July2021_accessible_FINAL.pdf

DNSH Criteria		Alignment with DNSH Criteria	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 10		
Transition to a circular economy	Measures are in place to manage waste, in accordance with the waste hierarchy, in particular during maintenance.	NN Group relies on the compliance of the railway operator with their national legislation, with the EU latest directives and their public commitments to become more sustainable on waste management. Legislative framework in EU The Waste Framework Directive 2008/98/EC Directive 2008/98/EC ("Waste Framework") shall be transposed into national regulation where NN Group's eligible assets are located. Under the Waste Framework Directive (2008/98/EC) Member States must achieve 70 per cent of material recovery of non-hazardous, non-soil and stone C&D waste, by 2020. The recovery rate is sufficiently high in the countries where NN is active⁷¹ Legislative framework in UK Directive 2008/98/EC ("Waste Framework") is implemented in the United Kingdom (UK) by The Waste Regulations 2011⁷², SI 2011/988Waste (Circular Economy) (Amendment) Regulations 2020, SI 2020/904. The diversion of large percentages of Construction Demolition & Excavation (CD&E) waste from landfill has become standard practice, with CD&E diversion rates now typically exceeding 90% in England. Table 5. Recovery rate from non-hazardous construction and demolition waste, UK and England, 2010-18 - UK Statistics on Waste⁷³	Aligned
Pollution prevention and control	Engines for the propulsion of railway locomotives (RLL) and engines for the propulsion of railcars (RLR) comply with emission limits set out in Annex II to Regulation (EU) 2016/1628.	Eligible assets are fully electric and therefore comply with emissions limits set out in Annex 2 Regulation (EU) 2016/1628 of the European Parliament and of the Council.	Aligned

⁷¹ See here: https://ec.europa.eu/eurostat/databrowser/view/cei_wm040/default/table?lang=en

⁷² See here: <https://www.legislation.gov.uk/ukxi/2011/988/schedules>

⁷³ See here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002246/UK_stats_on_waste_statistical_notice_July2021_accessible_FINAL.pdf

Table 9

Framework Activity assessed		Clean Transportation	
EU Activity		Infrastructure for rail transport	
NACE Code		F42.12 F42.13 M71.12 M71.20 F43.21 H52.21	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	1. The activity complies with one of the following criteria: (a) the infrastructure (as defined in Annex II.2 to Directive (EU) 2016/797 of the European Parliament and of the Council) is either: (i) electrified trackside infrastructure and associated subsystems: infrastructure, energy, on-board control-command and signaling, and trackside control command and signaling subsystems as defined in Annex II.2 to Directive (EU)2016/797; (ii) new and existing trackside infrastructure and associated subsystems where there is a plan for electrification as regards line tracks, and, to the extent necessary for electric train operations, as regards sidings, or where the infrastructure will be fit for use by zero tailpipe CO2 emission trains within 10 years from the beginning of the activity: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU)2016/797; (iii) until 2030, existing trackside infrastructure and associated subsystems that are not part of the TEN-T network and its indicative extensions to third countries, nor any nationally, supranationally or internationally defined network of major rail lines: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU) 2016/797; (b) the infrastructure and installations are dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipments of goods; (c) infrastructure and installations are dedicated to the transfer of passengers from rail to rail or from other modes to rail. 2. The infrastructure is not dedicated to the transport or storage of fossil fuels.	The listed EU Taxonomy mitigation criteria are met by the use of proceeds eligibility criteria outlined in the Framework, namely infrastructure and vehicles for zero direct emissions transportation of passengers and freight.	Aligned
DNSH Criteria		Alignment with DNSH Criteria	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 10		

Sustainable use and protection of water and marine resources	The activity complies with the criteria set out in Appendix B ⁷⁴ to the annex.	NN Group relies on compliance with laws and regulations of the countries where eligible projects are located. Also NN relies on inspection and certification processes employed by the project parties. It gathers evidence during due diligence in regard to certifications and sourcing. These include information provided privately by its project parties and project commitments, as well as publicly available information, as well as publicly available information. Such certifications may include, but are not limited to an Environmental Impact Assessment (EIA).	Aligned
Transition to a circular economy	At least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material defined in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.	NN Group relies on the compliance of the railway operator and governments with their national legislation, with the EU latest directives and their public commitments to become more sustainable on waste management. Legislative framework in EU The Waste Framework Directive 2008/98/EC Directive 2008/98/EC ("Waste Framework") shall be transposed into national regulation where NN Group's eligible assets are located. Under the Waste Framework Directive (2008/98/EC) Member States must achieve 70 per cent of material recovery of non-hazardous, non-soil and stone C&D waste, by 2020. The recovery rate is sufficiently high in the countries where NN is active⁷⁵ Legislative framework in UK Directive 2008/98/EC ("Waste Framework") is implemented in the United Kingdom (UK) by The Waste Regulations 2011⁷⁶, SI 2011/988 Waste (Circular Economy) (Amendment) Regulations 2020, SI 2020/904. The diversion of large percentages of Construction Demolition & Excavation (CD&E) waste from landfill has become standard practice, with CD&E diversion rates now typically exceeding 90% in England. Table 5. Recovery rate from non-hazardous construction and demolition waste, UK and England, 2010-18 - UK Statistics on Waste⁷⁷	Aligned

⁷⁴ Please see Appendix B of the Delegated Act for further information on the generic criteria for DNSH regarding sustainable use and protection of water and marine resources: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

⁷⁵ See here: https://ec.europa.eu/eurostat/databrowser/view/cei_wm040/default/table?lang=en

⁷⁶ See here: <https://www.legislation.gov.uk/uksi/2011/988/schedules>

⁷⁷ See here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002246/UK_stats_on_waste_statistical_notice_July2021_accessible_FINAL.pdf

Pollution prevention and control	Where appropriate, given the sensitivity of the area affected, in particular in terms of the size of population affected, noise and vibrations from use of infrastructure are mitigated by introducing open trenches, wall barriers, or other measures and comply with Directive 2002/49/EC of the European Parliament and of the Council. Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.	Eligible assets are fully electric. Also, NN Group relies on the compliance of the railway operator and governments with their national legislation. It can be assumed that this Directive 2002/49/EC is transposed into national regulation for the countries where NN Group's eligible assets are located. Directive 2002/49/EC is implemented in the United Kingdom (UK) by The Environmental Noise (England) Regulations 2006.	Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 11		

Appendix 3: Criteria for Do No Significant Harm (“DNSH”) to Climate Change Adaptation and Protection and Restoration of Biodiversity and Ecosystems

Table 10

Criteria for DNSH to Climate Change Adaptation		
<i>DNSH Criteria</i>	<i>Alignment with DNSH Criteria</i>	
The physical climate risks that are material to the activities mentioned above have been identified by the Issuer by performing a robust climate risk and vulnerability assessment.⁷⁸ The assessment must be proportionate to the scale of the activity and its expected lifespan, such that: - for investments into activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections; - for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments. The issuer has developed a plan to implement adaptation solutions to reduce material physical climate risks to the selected activities under this framework. - For new activities the Issuer ensures that adaptation solutions do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. - For activities that involve upgrading or altering existing assets or processes, the Issuer must implement adaptation solutions identified within five years from the start of the activity. In addition, selected adaptation solutions must not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts.	NN Group evaluates climate change-related risks as part of its strategy resilience, performing stress tests and climate scenario analyses. The Group carries out analysis at a portfolio level to assess potential climate risks and opportunities, and to inform the content and implementation of a broader climate change strategy. For example, the carbon intensity of proprietary investments is measured which gives insights into the highest carbon risk exposure. NN has also developed various distinctive analysis and models, with the help of an external sustainability consultant, focused on the largest asset categories on the NN Group balance sheet: - Government bonds (approximate 36% of total balance sheet assets), - Residential mortgages (23%) the vast majority of Eligible Green Assets will be allocated towards residential mortgages. - Non-financial corporate exposures (15%) Where possible NN Group considers a relevant short-, medium-, and long-term scenario, aligned with TCFD recommendations. Details on NN Groups climate-related scenario analysis are available in NN Group’s 2020 Carbon Footprint Report⁷⁹. Further information on the Group’s climate risk evaluations can be found in NN Group’s Annual Review 2020, section “Safeguarding value creation, Our response to the FSB’s Taskforce on Climate-related Financial Disclosures (TCFD)”⁸⁰.	Aligned

⁷⁸ The EU Delegated Act identifies several climate related risk and classifies them into chronic or acute risks, Chronic risks include -changing temperature (air, freshwater, marine water), changing wind patterns, changing precipitation patterns and types, coastal erosion, heat stress, ocean acidification, sea-level rise, and solifluction. Acute risks pertain to – heat/ cold wave, wildfire, cyclone, hurricane, tornado, storm, drought, landslide, flood, and glacial lake outburst. For a complete list of climate related risk please refer to Section 2 of Appendix E of EU’s draft delegated regulation (Annex 1), at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC_WORKFLOW

⁷⁹ NN Group, “Analysis of carbon footprint of proprietary assets” (2020), at: <https://www.nn-group.com/nn-group/file?uuid=ca467c7d-f39c-4208-a399-f33c0368f821&owner=84c25534-c28a-4a64-9c78-5cc1388e4766&contentid=11403>

⁸⁰ NN Group, “Committed to sustainable value creation” (2020), at: <https://www.nn-group.com/nn-group/file?uuid=4d918df9-e55a-4de7-b5e7-3d0071046e91&owner=84c25534-c28a-4a64-9c78-5cc1388e4766&contentid=11438>

	Sustainalytics also notes that NN Group may not have direct control of the asset and management discretion to implement adaptation solutions to reduce identified climate risks for all the selected assets under the Framework.	
--	--	--

Table 11

Criteria for the Protection and Restoration of Biodiversity and Ecosystems		
DNSH Criteria	Alignment with DNSH Criteria	
- An Environmental Impact Assessment (EIA) or screening has been completed, for activities within the Union, in accordance with Directive 2011/92/EU. For activities in third countries, an EIA has been completed in accordance with equivalent national provisions or international standards. - Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. - For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.	With all eligible projects located in Europe, NN Group can rely on robust laws and regulation to ensure an EIA has been conducted for these types of infrastructure projects (e.g. Directive 2011/92/EU). When infrastructure debt investments in any greenfield projects are made in Europe, the project sponsors (i.e. the asset owners/developers) shall have previously carried out an EIA, as required in European legislation. Consequently, the project sponsors are responsible for implementing all required mitigation and compensation measures as part of the planning process, including any requisite licenses, permits and approvals, prior to the commencement of construction and operation of the project. NN Group's infrastructure debt investment team also conducts detailed due diligence, including independent reviews of the EIA by the lenders' technical adviser. Furthermore, the lenders' legal adviser shall require, as standard practice, that all requisite project licenses, permits and approvals are obtained as a condition precedent to the execution of the finance documentation. This is essential for all greenfield infrastructure assets and, in particular, for projects like offshore wind farms where the scope of planning, permits, licences and approvals is extensive and complex. The ultimate responsibility for ensuring compliance with these criteria rests with the project proponent and Sustainalytics recognises that NN Group's involvement with operational decisions may be limited.	Aligned

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

Appendix 4: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	NN Group N.V.
Green Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	NN Group Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	February 17, 2022
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – (i) Green Buildings, (ii) Renewable Energy, (iii) Clean Transportation, (iv) Sustainable Water, Wastewater Management and Water Efficiency, (v) Energy Efficiency, (vi) Circular economy adapted products, production technologies and processes and/or certified eco-efficient

products, (vii) Access to Essential Services and (viii) Affordable Housing are aligned with those recognized by the Green Bond Principles, Social Bond Principles and the Sustainability Bond Guidelines. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 6, 7, 11 and 12.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| ☒ Renewable energy | ☒ Energy efficiency |
| ☐ Pollution prevention and control | ☐ Environmentally sustainable management of living natural resources and land use |
| ☐ Terrestrial and aquatic biodiversity conservation | ☒ Clean transportation |
| ☒ Sustainable water and wastewater management | ☐ Climate change adaptation |
| ☒ Circular economy adapted products, production technologies and processes and/or certified eco-efficient products | ☒ Green buildings |
| ☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | ☐ Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

Use of proceeds categories as per SBP:

- | | |
|--|---|
| ☐ Affordable basic infrastructure | ☒ Access to essential services |
| ☒ Affordable housing | ☐ Employment generation (through SME financing and microfinance) |
| ☐ Food security | ☐ Socioeconomic advancement and empowerment |
| ☐ Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP. | ☐ Other (<i>please specify</i>): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

NN Group's Green, Social and Sustainability Bond Committee (the "Committee") is responsible for evaluating and selecting projects eligible under the established criteria. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|---|
| ☒ Credentials on the issuer's environmental sustainability objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Defined and transparent criteria for projects eligible for Green Bond proceeds | ☒ Documented process to identify and manage potential ESG risks associated with the project |
| ☐ Summary criteria for project evaluation and selection publicly available | ☐ Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| ☒ Evaluation / Selection criteria subject to external advice or verification | ☐ In-house assessment |
| ☐ Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

NN Group will manage the proceeds under the Framework using a portfolio approach and will seek to add eligible assets to its Eligible Asset Portfolio. Pending allocations, proceeds will be temporarily held by the Group in line with the Group's treasury liquidity policies. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| ☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| ☐ Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|---|---|
| ☐ Allocations to future investments only | ☒ Allocations to both existing and future investments |
| ☐ Allocation to individual disbursements | ☒ Allocation to a portfolio of disbursements |
| ☒ Disclosure of portfolio balance of unallocated proceeds | ☐ Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (*if applicable*):

NN Group intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the total amount allocated, number of eligible assets, balance of any

unallocated proceeds, amount of financing and refinancing and geographical distribution of eligible assets. In addition, NN Group is committed to reporting on relevant impact metrics. This is in line with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| ☐ Project-by-project | ☒ On a project portfolio basis |
| ☐ Linkage to individual bond(s) | ☐ Other (<i>please specify</i>): |

Information reported:

- | | |
|--|--|
| ☒ Allocated amounts | ☐ Green Bond financed share of total investment |
| ☒ Other (<i>please specify</i>): Number of eligible assets, balance of any unallocated proceeds, amount of financing and refinancing and geographical distribution of eligible assets. | |

Frequency:

- | | |
|---|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
| ☐ Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| ☐ Project-by-project | ☒ On a project portfolio basis |
| ☐ Linkage to individual bond(s) | ☐ Other (<i>please specify</i>): |

Information reported (expected or ex-post):

- | | |
|---|---|
| ☒ GHG Emissions / Savings | ☒ Energy Savings |
| ☒ Decrease in water use | ☒ Other ESG indicators (<i>please specify</i>): installed capacity (in MW), number of electric vehicle charging points installed, number of vehicles financed, length of electrified rail, number of healthcare facilities, number of education facilities, number of dwellings, number of beneficiaries. |

Frequency

- | | |
|---|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
| ☐ Other (<i>please specify</i>): | |

Means of Disclosure

- | | |
|---|---|
| ☐ Information published in financial report | ☐ Information published in sustainability report |
| ☐ Information published in ad hoc documents | ☒ Other (please specify): report on its website |
| ☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

- | | |
|--|--|
| ☐ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification / Audit | ☐ Rating |
| ☐ Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond Framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Sustainability Bond Framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Sustainability Bond Framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Appendix 5: Certification Schemes for Green Buildings

	BREEAM	LEED	HQE	DGNB
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).	The Haute Qualité Environnementale or HQE (High Quality Environmental standard) is a standard for green building in France, based on the principles of sustainable development first set out at the 1992 Earth Summit. The standard was launched in 2005 and is controlled by HQE and certificate is issued by Cerway/ Certivea/ Cerqual.	The German Green Building Certification or DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building.
Certification levels	• Pass • Good • Very Good • Excellent • Outstanding	• Certified • Silver • Gold • Platinum	• Pass • Good • Very good • Excellent • Exceptional	• Bronze • Silver • Gold • Platinum
Areas of Assessment	• Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation	• Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority	• Energy • Environment (Site, Components, Worksites, Water, Waste, Maintenance, Comfort (Hydrothermal, Acoustic, Visual, Olfactory) • Health (Spaces quality, Air Quality, Water Quality) Principles of Equivalence	• Environment • Economic • Sociocultural and functional aspects • Technology • Processes Site
Requirements	Prerequisites depending on the levels of certification and credits with associated points This number of points is then weighted by item¹⁸ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Prerequisites independent of level of certification, and credits with associated points. These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	Prerequisites (independent of level of certification) + Points-based performance level: Performing and High Performing The Prerequisite level is obtained when all the minimum requirements for a target are met, while the Performing and High Performing levels are obtained based on a percentage of points given per target, allowing for flexibility. Based on the total number of stars obtained per area, an overall HQE level is then given. Environmental certificates are assigned at all stages of the building life cycle, and on-site audits are required.	Percentage-based performance index The total performance index (expressed as a percentage) is calculated by adding the six key areas of assessment. The environmental, economic, socio-cultural and functional aspects and technical quality each account for 22.5% of the total, process accounts for 10% and the site quality is given a separate grade.

Performance display				
---------------------	---	---	---	---

Disclaimer

Copyright ©2022 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.



GlobalCapital
SRI Awards

Named

2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

