

European SRI Transparency Code

• NN Duurzaam Aandelen Fonds • NN (L) Global Sustainable Equity • NN (L) European Sustainable Equity • NN (L) Euro Credit Sustainable (excluding Financials) • NN (L) Euro Credit Sustainable (including Financials)



Statement of Commitment

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of **NN Investment Partners**. We have been involved in SRI since 2000 and welcome the European SRI Transparency Code. This is our ninth statement of commitment and covers the period January 2015 to December 2015. Our full response to the European SRI Transparency Code can be accessed below and is available on our web site www.nnip.com.

Compliance with the Transparency Code

NN Investment Partners is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. **NN Investment Partners** meets the full recommendations of the European SRI Transparency Code for its NN Duurzaam Aandelen Fonds, NN (L) Global Sustainable Equity, NN (L) European Sustainable Equity, NN (L) Euro Credit Sustainable (including Financials) and NN (L) Euro Credit Sustainable (excluding Financials).

September 2016

Section 1. Basic

Signatories should be clear about who they are and provide precise background information on the fund management company and the fund(s)

The fund management company

1a Provide the name of the fund management company managing the fund(s) to which this Code applies.

NN Investment Partners B.V. and NN Investment Partners Luxembourg S.A. (both part of NN Investment Partners)

Schenkkade 65
2595 AS, The Hague
The Netherlands
www.nnip.com
info@nnip.com
T: +31 70 378 1781

1b Describe the general approach of the fund management company with regards to how it takes environmental, social and governance (ESG) criteria into consideration.

NN Investment Partners (NN IP) is committed to investing responsibly and delivering customer-oriented investment solutions. We provide investment management services to a wide range of clients and we seek to invest their assets responsibly and with integrity, with a full understanding of the opportunities and risks involved. ESG issues are important intangible value drivers and a key factor to identify corporate and management quality. Companies that maintain high standards of corporate governance and corporate responsibility will tend to deliver long-term shareholder value over time.

Our Responsible Investment (RI) strategy is based on our Investment Principles and consists of four pillars:

1. Active ownership - we actively vote in our clients' best interest
2. Integrating ESG factors into our investment processes
3. Restrictions - as our client, you do not invest in controversial weapons
4. Offering specialised SRI funds and tailor made responsible investment solutions

In our RI policy framework we specifically indicate that we expect our investee companies to comply with, amongst others, the UN Global Compact principles. We use these principles as a starting point for engagement with companies. We expect the companies in which we invest to adopt standards, policies and management processes covering potential ESG risks affecting them.

NN IP has two ESG Committees in place. The ESG Executive Committee is chaired by the Chief Executive Officer and is the approval body for strategic/tactical ESG related matters within NN IP. ESG Committee is chaired by the Chief Investment Officer and provide advice to the ESG Executive Committee about our positioning and future initiatives in the ESG area.

By endorsing and being actively involved in international initiatives, NN IP underlines its ambition and approach to responsible investing. Examples include:

NN IP has been a signatory to the [United Nations Principles for Responsible Investment](#) (UN PRI) since September 2008. The UN PRI are a set of global best practices that provide asset managers with possible actions for incorporating ESG issues into investment decision-making and ownership practices.

NN IP is an active participant in the <IR> Investor Network of the [IIRC](#). The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. Together, this coalition shares the view that communication about businesses' value creation should be the next step in the evolution of corporate reporting.

NN IP is the co-chair of the [International Corporate Governance Network \(ICGN\) Shareholder Rights Committee](#), a global membership organisation with several hundred corporate governance leaders based worldwide with a mission to raise standards of corporate governance worldwide. In this capacity NN IP responded on behalf of all ICGN members to key policy initiatives related to corporate governance and shareholder rights.

NN IP is a signatory to [the Carbon Disclosure Project \(CDP\)](#), a program that encourages companies to be more open about their greenhouse gas emissions. Investors signing up to the project manage assets in excess of USD 95 trillion.

NN IP is also strongly involved in the activities of [Eumedion](#), the Dutch corporate governance network, where we provide active input through our representation on various committees. Eumedion represents institutional investors' interests in the field of corporate governance and related sustainability performance. For more information on NN IP's implementation of Eumedion's best practices for engaged share-ownership, please refer to [NN IP Responsible Investing](#) (NN IP Reporting Eumedion's best practices file)

NN IP is the principal manager of NN Group. Sustainability is an integral part of NN Group's strategy, culture and operations. NN Group is an active participant in many international organisations and has signed up to numerous sustainability initiatives worldwide, such as UN Global Compact, UN Environmental Programme Finance Initiative and Principles for Sustainable Insurance. For more information, please refer to [NN IP Responsible Investing](#).

The SRI fund(s)

1c Describe/List your SRI products and the specific resources allocated to your SRI activities.

NN Duurzaam Aandelen Fonds

Domiciled: The Netherlands
ISIN Codes: NL0006311789 - NL0010623039 - NL0010157459
EUR 630 mln AUM as of 31 December 2015
Benchmark: MSCI World DM Index
Inception date: 31 May 2000
3 Portfolio managers
2 ESG Specialists
Analysts: Global Equity Research (team of 23 equity analysts)

NN (L) Global Sustainable Equity

Domicile: Luxembourg

ISIN Codes: P Capitalisation LU0191250769

P Distribution LU0119216710

I Capitalisation LU0119216553

X Capitalisation LU0121204431

EUR 601 mln AUM as of 31 December 2015-

Benchmark: MSCI World DM Index

Inception date: 31 July 2000

3 Portfolio managers

2 ESG Specialists

Analysts: Global Equity Research (team of 23 equity analysts)

NN (L) European Sustainable Equity

Domicile: Luxembourg

ISIN Codes: P Capitalisation LU0991964320

I Capitalisation LU0991964247

EUR 78 mln AUM as of 31 December 2015

Benchmark: MSCI Europe DM Index

Inception date: 19 December 2013

3 Portfolio managers

2 ESG Specialists

Analysts: Global Equity Research (team of 23 equity analysts)

NN (L) Euro Credit Sustainable (excluding Financials)

ISIN Codes: P Capitalisation LU0577843187

P Distribution LU0577843260

I Capitalisation LU0577863615

X Capitalisation LU0577843344

EUR 541 mln AUM as of 31 December 2015

Benchmark: Barclays Capital Euro Aggregate Corporate ex Financials

Inception date: 15 December 2011

6 Portfolio managers

2 ESG Specialists

Analysts: 14 Credit Analysts

NN (L) Euro Credit Sustainable (including Financials)

ISIN Codes: I Capitalisation LU1106537605

EUR 103 mln AUM as of 31 December 2015

Benchmark: Barclays Capital Euro Aggregate Corporate

Inception date: October 2014

6 Portfolio managers

2 ESG Specialists

Analysts: 14 Credit Analysts

1d Describe the content, frequency and resources allocated/used by the fund management company to inform investors about the ESG criteria taken into account.

For all ESG related information at a company level, we refer investors to our responsible investing website: [NN IP Responsible Investing](#)

1e Provide the name of the fund(s) to which this code apply, and its (their) main characteristics.

Please refer to question 1c

1f What is (are) this (these) fund(s) trying to achieve through taking into account ESG criteria?

By taking into account ESG factors we can bring about positive change in society. It also helps us guard against reputational risk. ESG factors are important intangible value drivers and a key factor to identify corporate and management quality. Companies that maintain high standards of corporate governance and corporate responsibility will tend to deliver long-term shareholder value over time.

Section 2. ESG Investment Criteria in SRI fund

Signatories should be clear about the fund(s) purpose and its (their) ESG investment criteria.

2a What fundamental principles underlie the ESG research methodology?

The strategy combines risks and opportunities linked to ESG factors with a strong financial performance of a company. In this way we take into account factors which are often out of scope of traditional financial analysis, but can have a significant impact on long-term performance.

2b internal and external resources are used to carry out this research?

The fund manager is using an external independent worldwide sustainable research provider [Sustainalytics](#), which provides information on ESG performance of companies. This research input is available via an on-line web-tool accessible through client specific login and password. Data and research are continuously updated by all analysts. The on-line tool provides 100% flexibility to clients' screening methodology and preferences, i.e. criteria and their weighting scheme are fully determined by its customers.

At NN IP, all credit and equity analysts embed ESG criteria in the analysis of a company. The equity analysts also receive ESG data and research from data provider GMI Ratings - MSCI ESG ([GMI](#)). GMI allows to further expand and diversify company analysis by benefitting from its multiple expertise in this field and more specifically given its history focusing on corporate governance.

The team has direct company contacts on sustainability issues and makes use of ESG broker reports. Meetings with NGO's also serve as an important source of ESG research. Next to this, the team cooperates closely with the Corporate Citizenship specialists within NN Group.

2c Which ESG analysis criteria are used?

For NN Duurzaam Aandelen Fonds, NN (L) European Sustainable Equity and NN (L) Global Sustainable Equity the following holds:

Companies are first subjected to a relative screening, i.e. application of best-in-class (BiC) criteria to global sectors in the universe under coverage. This is followed by the application of absolute (exclusionary) criteria.

We determine the relative position of companies in their sectors by using Sustainalytics scores on ESG criteria. These ESG scores are based on both opportunities and risks that a certain company faces. ESG criteria comprise around 150 factors in total, partly depending on the sector.

Companies that clearly score below the sector average are excluded from the sustainable investment portfolios. Portfolio constituents can score below the global industry average depending on sector and regional risk characteristics of the overall portfolio. Strong regional and sector tilts in the portfolio should not be the unintended consequence of a rigid application of BiC criteria. Furthermore, there is a strong correlation between market capitalisation and ESG score. This should not interfere with risk constraints or targets.

After the BiC approach, the strategy excludes a limited number of activities: firearms & military contracting, nuclear energy, tobacco, gambling, pornography, fur and exotic leather. The strategy also excludes companies fundamentally engaged in businesses that contravene generally accepted values and standards: violation of the Universal Declaration of Human Rights, violation of the core ILO conventions, violation of OECD guidelines for Multinational Enterprises and involvement in dictatorial regimes.

For NN (L) Euro Credit Sustainable (excluding financials) and NN (L) Euro Credit Sustainable (including financials) the following holds:

The strategy excludes companies fundamentally engaged in businesses that contravene generally accepted values and standards: violation of the Universal Declaration of Human Rights, violation of the core ILO conventions, violation of OECD guidelines for Multinational Enterprises and involvement in dictatorial regimes. Furthermore the strategy also excludes tobacco companies.

2d What is your ESG evaluation methodology?

Sustainalytics' external verification process takes place through clients and company feedback. Sustainalytics has in the past participated in discussions that lead to the development of an independent quality standard for research organisations via the Association for Independent Corporate Sustainability and Responsibility research (AI-CSRR).

Furthermore, during the first five years of existence of the strategy, an independent Advisory Board has also helped in further deepening and extending knowledge on ESG topics and criteria.

2e How frequently is the ESG evaluation reviewed?

All company profiles are fully updated once a year by Sustainalytics. There is in addition an ongoing review of media and news sources that result in monthly updates of all companies when relevant and are subsequently distributed via an alert service.

Regarding the funds, every month, the holdings are subjected to a check (do all holdings still comply with the criteria?) and do the potential holdings (new investment opportunities) comply with the same criteria as well?

If a company does not comply any more with one or more of our criteria. This could for example happen if a company suddenly becomes active in a sensitive country (e.g. Sudan), or gets seriously

involved in controversies that relate to e.g. Human Rights. (applicable to both SRI equity and fixed income funds).

3 Fund management process

3a How do you take into account ESG criteria when defining the universe of eligible investments?

Please refer to question 2c.

3b How do you take ESG criteria into account when building the portfolio

After applying our Best-in-Class and Exclusionary criteria (as explained under 2c) the investment universe is subjected to our financial criteria (using our proprietary ranking tool). This tool is used to prioritize bottom-up research, including three main screens Valuation, Quality and Momentum.

Changes in the portfolio are communicated to investors on a monthly basis.

In 2015, we divested from several companies due to ESG criteria. For example, the NN (L) Global Sustainable Equity fund sold three companies involved with structural controversies. Nestle, Syngenta and Citigroup were taken out of the fund as they respectively face controversies related to labour rights, safety of its product and involvement in forex manipulation. Since these controversies appeared, we witnessed no significant improvement from the companies on these issues which triggered the decision to remove them from the portfolio.

For NN (L) Euro Credit Sustainable (excluding financials) and NN (L) Euro Credit Sustainable (including financials) we screen on the Exclusionary criteria, but don't perform a Best-in-Class screen to preserve a broad enough credit investment universe for good diversification. Bonds in our portfolio that are not eligible anymore according to one of the filters in our exclusionary screening will be sold within three months. In 2015, we sold our holdings in Volkswagen as news on their emission scandal came out.

3c Does (do) the fund(s) have a specific ESG engagement policy?

We do not have a formal direct engagement policy, focused on ESG factors only. Though we do frequently meet company management and discuss strategy, financial and ESG issues, which is an important step in our investment research process. Furthermore, we perform indirect engagement via our voting efforts at annual shareholder meetings of companies.

The first priority is to talk to companies which are holdings in the portfolio and need some improvement in certain ESG areas. The second priority is to talk to companies which are laggards in the industry in terms of ESG criteria (and therefore not holdings in the portfolio). We motivate these companies to improve their efforts in the ESG area by providing constructive feedback.

Our ESG specialists as well as our mainstream analysts and fund managers are frequently in dialogue with companies. During the meetings with the company managements we discuss topics both from ESG and financial perspective, which is very important from ESG integration angle. Depending on the company in question, we might

sometimes focus more on ESG aspects, while during another meeting we put more emphasis on financial aspects.

NN IP reports on its voting and engagement activity in the Active Ownership Report, published on a quarterly basis under the following link: [NN IP Responsible Investing – Insights & Reports](#)

3d Does (do) the fund(s) have a specific voting policy integrating ESG criteria?

The voting policy applicable for the SRI equity funds is largely based on the NN IP International's Voting Policy. This policy can be found on the following webpages: [NN IP Voting Policy](#)

In addition to this, the fund puts additional efforts in research and recommendations for all sorts of environmental and social resolutions at the annual agendas of companies. Specifically for our SRI equity funds, the fund manager determines the ultimate votes for all agendas and companies and is allowed to deviate from the policy/recommendation of his mainstream investment colleagues, based on his specific set of criteria for ESG issues.

3e Does (do) the fund(s) engage in securities lending activities?

No, the funds do not engage in securities lending activities.

3f Does (do) the fund(s) use derivative instruments?

For NN Duurzaam Aandelen Fonds, NN (L) European Sustainable Equity and NN (L) Global Sustainable Equity the following holds:

The funds did not use derivative instruments since inception.

For NN (L) Euro Credit Sustainable (excluding financials) and NN (L) Euro Credit Sustainable (including financials) the following holds:

Interest rate swaps, interest rate futures and FX forwards are used to manage our interest rate and currency position. Next to that, credit derivatives are used to hedge existing credit exposures or to take active positions.

3g Is a share of the fund(s) invested in unlisted entities pursuing strong social goals?

No

4 Controls and ESG reporting

4a What internal/external control procedures are in place to ensure the compliance of the portfolio with the ESG rules defined in section 3 of this Code?

Regarding the funds, every month, the holdings are subjected to a check (do all holdings still comply with the criteria?) and do the potential holdings (new investment opportunities) comply with the same criteria as well?

If a company does not comply any more with one or more of our criteria we decide to divest. This could for example happen if a company suddenly becomes active in a sensitive country (e.g. Sudan), or gets seriously involved in controversies that relate to e.g. Human Rights (applicable to both SRI equity and fixed income funds).

The portfolio managers will proceed within six months. This time frame allows to take all elements into consideration to execute the transactions (a.o. the environment in financial markets).

The funds are also audited on its ESG criteria on an annual basis by an external independent auditor.

The NN (L) Global Sustainable Equity and NN (L) European Sustainable Equity funds are among the few equity strategies, in their respective categories, to be awarded the SRI Label from Luxflags in Luxembourg and FNG in Germany, which recognises the fund's standards in term of transparency and extra-financial analysis.

4b Please list all public media and documents used to inform investors about the SRI approach to the fund, and include links as appropriate:

Please find below the list of documents and links where you can find further information on NN IP SRI approach:

- [NN IP Responsible Investing – Insights & Reports](#)
 - UN PRI: RI transparency Report
 - Sustainable Quarterly Report
 - Active Ownership Report
- [NN Group responsible investment policy framework](#)
- [NN Group Sustainability Report](#)
- [Dedicated fund pages](#)

5 If applicable, specify the amount of donations and the percentage of management fees that the fund gave to charities in the last year.

NN Group's businesses and foundations support a broad scope of local initiatives with a focus on health, environmental care and social welfare. Successes are achieved not only through cash and in-kind donations but also via active involvement of employees as volunteers.

More information on NN Group's engagement in supporting local communities are available on the following webpage: [Supporting local communities](#)

Overall, NN Group donated €1.5mln in 2015.

Term	Definition
Divestments	Companies that are sold from the fund portfolio.
ESG	Environment, Social and Governance
Engagement	A long-term process of dialogue with companies by investors which seeks to positively influence company behaviour in relation to their social, ethical, governance and environmental practices. This includes vote at AGM, filing or co-filing shareholder proposals, asking questions at AGM, collaborative engagement initiatives, individual company contact and dialogue with policy makers and industry organisations.
Exclusion	The exclusion of sectors or companies from a fund if involved in certain activities based on specific ESG criteria.
Fund manager	The entity responsible for overall management of the fund.
Fund(s)	A legal entity, the purpose of which is solely the acquisition of portfolio investments. This also includes compartments and sub-funds.
Fund Purpose	The spirit and overall focus of the fund, but not the investment criteria employed.
Holdings	Equities and/or bonds of companies that collectively comprise the fund portfolio.
Portfolio	A collection of investments managed by the fund manager.
Signatories	Fund(s) and/or fund manager that commits to disclose SRI information in line with the Code.
SRI	SRI, a generic term covering sustainable, responsible, ethical, environmental, social investments and any other investment process that integrates financial analysis with the influence of environmental, social and governance (ESG) issues. It includes an explicit written policy to make use of ESG criteria.
Voting Policy	Policy of a fund to exercise its voting rights as investors to influence company behaviour.

About Eurosif

EUROSIF, the European Sustainable Investment Forum, is the pan-European network whose mission is to address sustainability through the financial markets. Eurosif works as a partnership of the national Sustainable Investment Forums (SIFs) within the EU and with the support and involvement of Member Affiliates. Recognised as the premier European forum for sustainable investment, Eurosif's Member Affiliates are drawn from leading pension funds, asset managers, NGO's, trade unions, academic institutes and research providers, together representing assets totalling over €1 trillion. Eurosif's work includes a focus across asset classes - equity and fixed income markets, microfinance, renewable energy, property, private equity and hedge funds - all centred around the industry trends and future legislation affecting this space. The key benefits that Eurosif affiliate members receive include EU interfacing, SRI information and European wide initiatives that integrate Environmental, Social and Governance (ESG) issues into the financial services sector. For the full list of Eurosif Member Affiliates, please see www.eurosif.org.

National social/sustainable investment forum to date include:

- Belsif, Belgium
- Dansif, Denmark
- FNG – The German, Austrian and Swiss Sustainable Investment Forum
- Forum per la Finanza Sostenibile, Italy
- Forum pour l'Investissement Responsable, France
- Norsif, Norway
- Spainsif, Spain
- Swesif, Sweden
- UKSIF, UK
- VBDO (Vereniging van Beleggers voor Duurzame Ontwikkeling), The Netherlands

Disclaimer

For more detailed information about the investment funds mentioned we refer to the prospectus and the corresponding supplements. In relation to the investment funds mentioned in this document a Key Investor Information Document (KIID) has been published containing all necessary information about the product, the costs and the risks which may occur. Do not take unnecessary risk. Read the prospectus and the KIID before investing. Investments are accompanied by risks. Please note that the value of your investment depends in part upon developments on the financial markets, may rise or fall and also that past performance is not indicative of future results and shall in no event be deemed as such. In addition, each fund has its own specific risks. See the prospectus for fund-specific costs and risks. The prospectus, supplements and the KIID are available on the following website: www.nnip.com. The Luxembourg funds mentioned in this document are a subfund of a SICAV, established in Luxembourg. These SICAV's are duly authorised by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg. Both subfund and SICAV are registered with the CSSF. NN Investment Partners B.V. is the manager of all Dutch NN Investment Partners investment funds and, in that capacity, and pursuant to the Dutch Financial Markets Supervisory Act, possesses the applicable permits granted by the Netherlands Financial Markets Authority ("AFM"). All investment funds mentioned are registered with the Netherlands Financial Markets Authority. This document is not directed at, and must not be acted upon by citizens of the United States and is otherwise only directed at persons residing in jurisdictions where the relevant share classes/(sub)funds are authorised for distribution or where no such authorization is required.

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