

Shifting the emphasis to the Social factor in ESG



Our speakers



Irina van der Sluijs
Senior Responsible Investment Specialist

- Irina joined NN IP in 2021. Prior to this, she was an Engagement Manager and Senior Human Rights Specialist at ASN Bank. She has also worked as Independent Consultant for Responsible Business Conduct at Berenschot International.



Marina Iodice
Senior Portfolio Manager, Impact Equities

- Marina has been in NN IP since 2020 having experience as Senior ESG analyst at Mirova in Paris and BMO (ex F&C) in London. She spent a 6-month sabbatical in Nicaragua in 2017 where she oversaw Latin America portfolios of microfinance institutions.



Douglas Farquhar
Client Portfolio Manager, Green Bonds

- Douglas is CPM for the Green Bond strategy since 2020. Before joining NN IP, he was Principal Consultant at DNVGL.

Agenda

- 1. Welcome message from Sophie Wandzilak, Public Relations manager at NN IP**
- 2. Presentation by Irina, Marina, and Douglas**
- 3. Q&A session**
- 4. Closing comments and wrap up**

Increasing attention for S factors within investing

What are the key drivers for this trend?



Pandemic and rising social tensions



“Just” transition



Regulatory pressure and incentives

These developments drive large policies and social transformations.

This creates new investment opportunities and risk dimensions for investors.

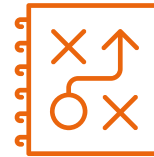
Looking at “Social” through an asset management lens



- Engagement on social themes with investee companies and



- Voting activity on social topics



- ESG integration across strategies and restriction criteria



- Sustainable and impact investing

Engagement as a tool to stimulate companies to adopt sustainable business practices

Platform Living Wage Financials

An alliance of financial institutions that encourages and monitors investee companies to address the non-payment of living wage in global supply chains

Meaningful engagement with investee companies on living wages and incomes in own operations and supply chains

Contributing to social and economic resilience by providing real world solutions to problems

Developing own methodology to measure and understand progress



NN IP's ESG Lens

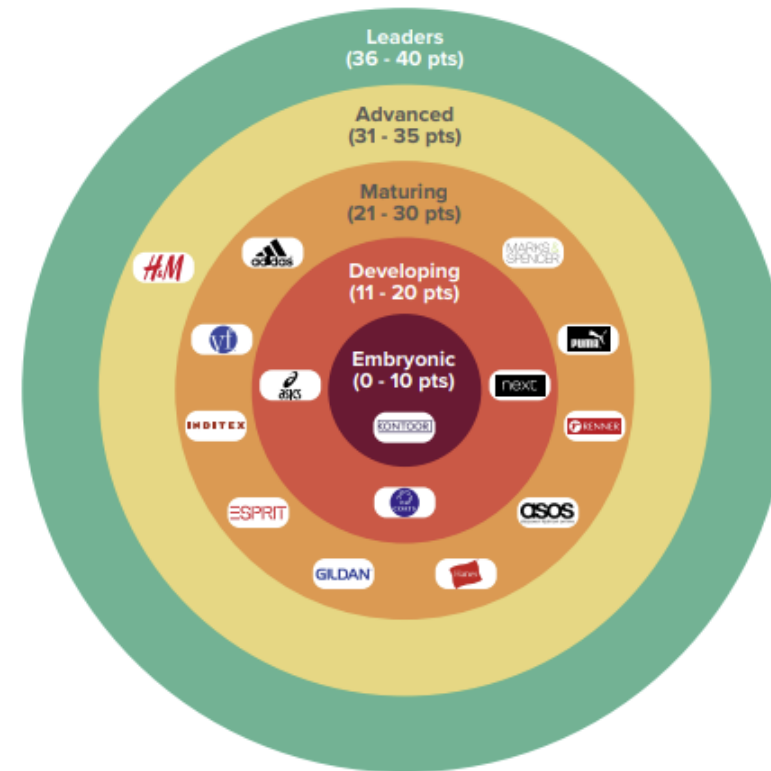


Measuring the “Social” factor

Breakdown

	Score	Controversy	Weight
Score	32		100 %
Activity adjustment	0		
> Environmental	70	0	17 %
^ Social	13	-14	48 %
^ Product Responsibility	21		50 %
Product Governance Risk Score	0		25 %
Data Privacy and Security Risk Score	0		25 %
Access And Affordability Insight	44		25 %
Data Security Insight	41		25 %
^ Human Rights & Human Capital	34		50 %
Employee Satisfaction Percentage	48		11 %
Women Managers	59		11 %
Average Training Hours	68		11 %
Human Capital Risk Score	27		33 %
Employee Engagement Diversity And Inc...	16		33 %
> Governance	39	-15	35 %

Example: NN IP’s data
























Example: PLWF assessment methodology

How responsible investment can make social impact: impact equity

Investing in companies that provide solutions to social challenges

- NNIP Impact Equity: investing in companies that contribute to achieving 14 out of 17 SDGs for our impact equity funds
- Investors need quantifiable and concrete KPI's and metrics to assess how these companies achieve these goals
- 4 funds investing in 12 investment solutions to achieve the UN Goals

Fund name	← NN (L) Global Equity Impact Opportunities →								
	NN (L) Health & Well-being			NN (L) Climate & Environment			NN (L) Smart Connectivity		
Global challenges	 People			 Planet			 Prosperity		
Solutions	<ul style="list-style-type: none"> • Decent Living Standards • Fit Body & Mind • Affordable Healthcare • Financial Inclusion 			<ul style="list-style-type: none"> • Water Management • Food Sufficiency • Energy Transition • Circular Economy 			<ul style="list-style-type: none"> • Enhanced Productivity • Resilient Infrastructure • Better Knowledge • Safe Society 		
SDGs	  			  			  		
	  			  			  		

Case study: Etsy

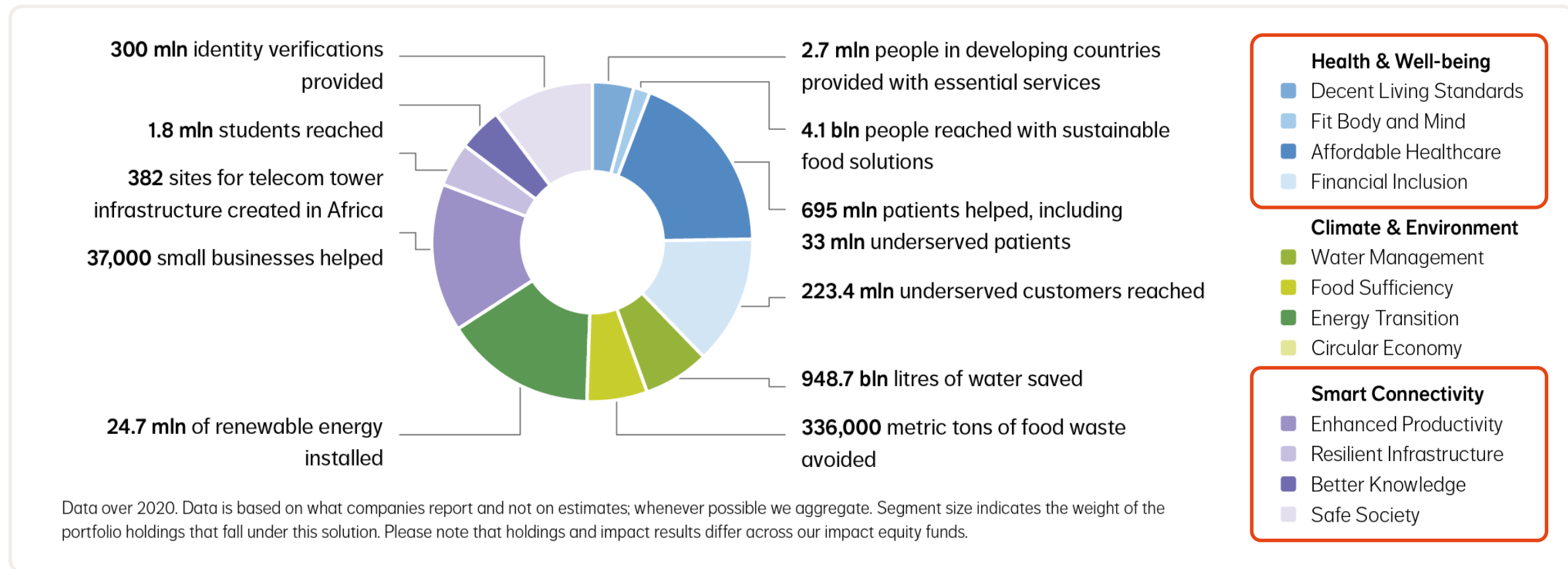
- Etsy is a US-based online marketplace solely dedicated to promoting unique handmade and vintage goods and crafts artefacts.
- Generating an annual revenue of 1,7 billion (2020) and employs 1400 people
- The company's mission is to keep commerce human and it puts itself at the opposite side of ecommerce giants
- Company strategy based on ESG pillars:
 - Make creative entrepreneurship a path to economic security
 - Enable equitable access to the opportunities created by ecommerce
 - Reduce carbon impacts and foster responsible resource use
- More than 80% of Etsy's sellers are women
- Equal opportunities: 2,6 million jobs in the independent worker economy promoted



* For illustration purpose only. Company name, explanation and arguments are given as an example and do not represent any recommendation to buy, hold or sell the stock. The security may be/have been added and/or removed from any portfolio at any time without any pre-notice.

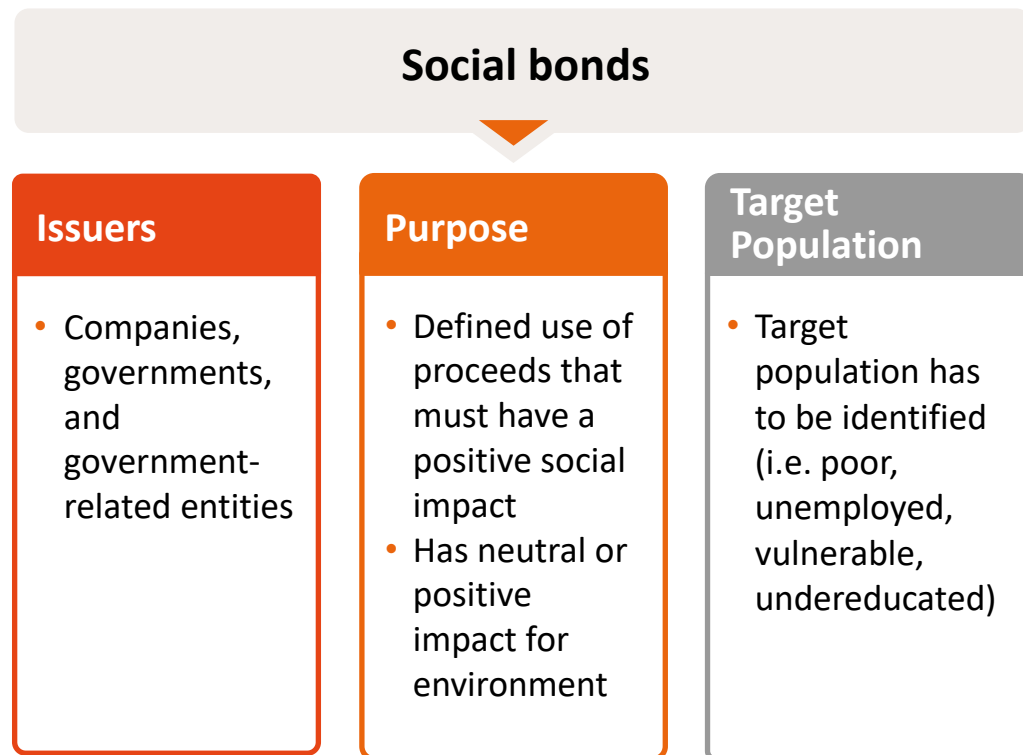
Measuring “social impact” of investee companies

Our investee companies’ impact in 2020



How responsible investment can make social impact: social bonds

Investing in social bonds: what are they?



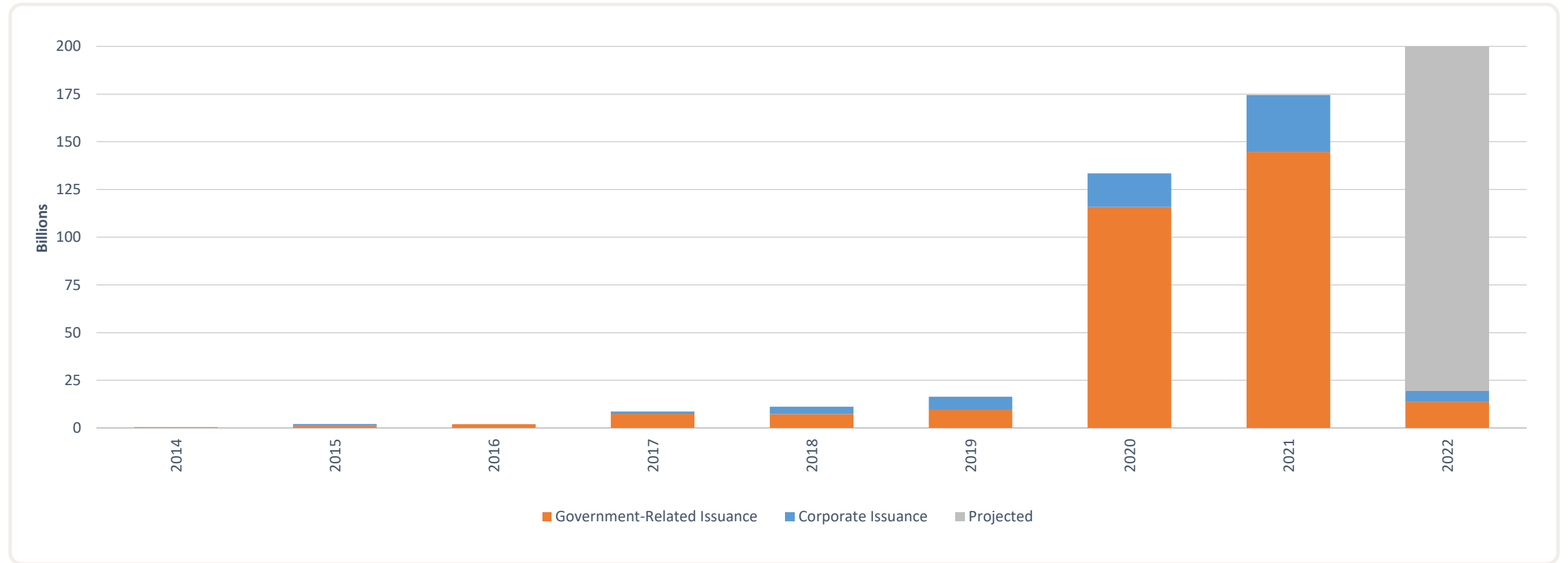
Types of projects financed

- Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy)
- Access to essential services e (e.g. clean drinking water, sewers, sanitation, transport, energy)
- Affordable housing (e.g. social housing for low-income persons, single parent families)
- Employment generation (e.g. Supporting MSMEs for the creation and preservation of viable jobs)
- Food security and sustainable food systems (e.g. physical, social, and economic access to safe, nutritious, and sufficient food)
- Socioeconomic advancement and empowerment (e.g. programs to reduce income inequality)

Targeted populations

- Living below the poverty line
- Excluded and/or marginalised populations and/or communities
- People with disabilities
- Migrants and/or displaced persons
- Undereducated
- Underserved, owing to a lack of quality access to essential goods and services
- Unemployed
- Women and/or sexual and gender minorities
- Aging populations and vulnerable youth
- Other vulnerable groups, including as a result of natural disasters

We expect the social bond market issuance to exceed EUR 250 billion in 2022

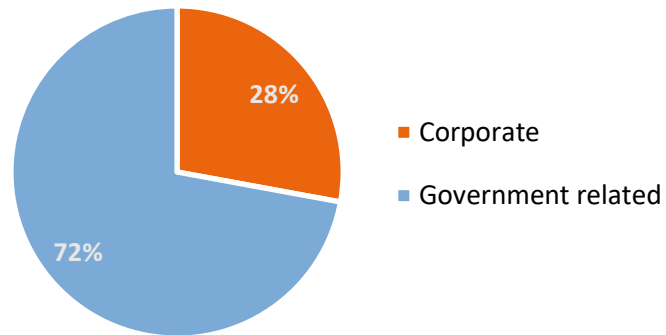


Source: Bloomberg, end January 2022

Features of the social bond market

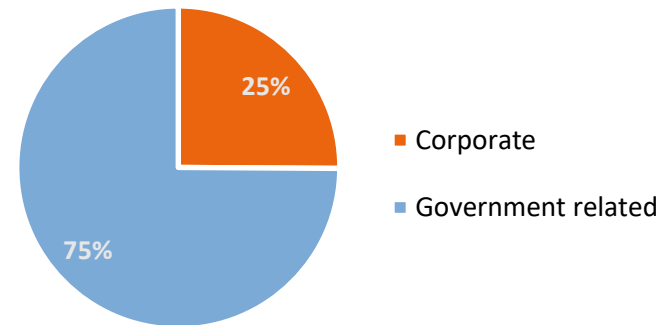
Characteristics of Euro Social Bond Index are quite similar to those of Euro Aggregate Index

iBoxx Euro Social Bond Index



Average rating	AA/AA-
Yield	1.03%
Duration	7.66yr

Bloomberg Euro Aggregate Index



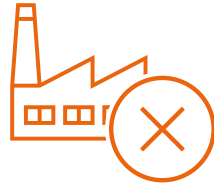
Average rating	AA-/A+
Yield	0.66%
Duration	7.48yr

Source: IHS Markit and Bloomberg, February 2022

Our criteria for investing in social bonds



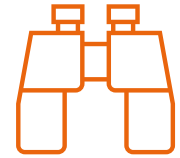
- Screening the issuer



- Excluding controversial sectors



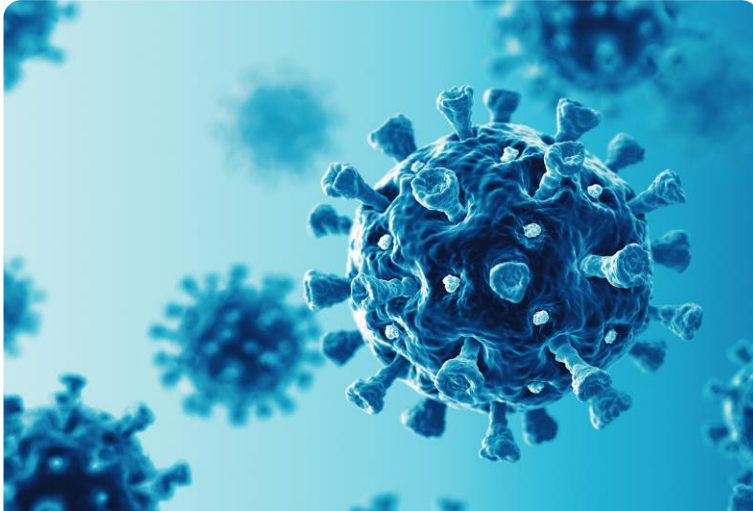
- Assessment of the bond: use of proceeds, projects, reporting of proceeds and impact



- Complete market overview

Case study: Council of Europe Development Bank (COE)

Social inclusion bond



Key figures

Rating	AAA/AA+
ISIN	XS2154343623
Second Party Opinion	Sustainalytics
Nominal	EUR 1,000 million

Targeted population

- Population that are living below the poverty line, undereducated, and unemployed.

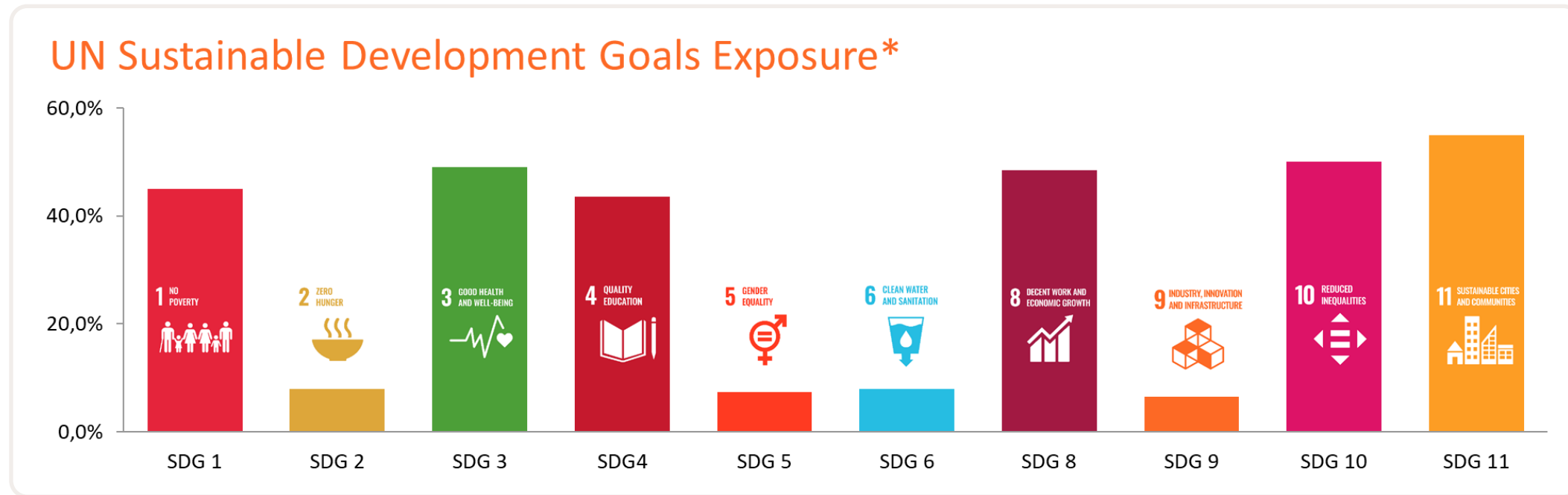
Use of proceeds

- Access to essential services (education and vocational training, health)
- Affordable housing (social housing for low-income persons)
- Employment generation (Supporting MSMEs for the creation and preservation of viable jobs)



Social bonds exposure to UN Sustainable Development Goals

We tag each holding to the UN SDGs



Source: NN Investment Partners, as per end January 2022

Our five key takeaways

NN IP is a leader when it comes to ESG investing, where S is a real focus area. It's difficult but doable to tackle and measure social issues which we do at NN IP through different tools (ESG Lens) and in-house analysis.

NN IP has developed a product range to help investors have a positive social impact.

Increasingly stringent regulatory environments: clear policies and robust reporting which has levelled the playing field by providing clarity when it comes to reporting. Yet, we believe that we must go beyond the standard to have a true, positive impact.

Investor sentiment is shifting and there is more trust to allocate investments in impact strategies and RI products.

Diversity makes more better business results.

What are your burning questions?



Disclaimer

This marketing communication is intended for press use only. This marketing communication has been prepared solely for the purpose of information and does not constitute an offer, in particular a prospectus or any invitation to treat, buy or sell any security or to participate in any trading strategy or the provision of investment services or investment research. While particular attention has been paid to the contents of this marketing communication, no guarantee, warranty or representation, express or implied, is given to the accuracy, correctness or completeness thereof. Any information given in this marketing communication may be subject to change or update without notice. Neither NN Investment Partners B.V., NN Investment Partners Holdings N.V. nor any other company within its ownership structure, nor any of its directors or employees can be held directly or indirectly liable or responsible with respect to this marketing communication. Investment sustains risk. The decision to invest in a fund should take into account all the characteristics, objectives, and associated risks of a fund as described in the prospectus. Please note that the value of any investment may rise or fall and that past performance is not indicative of future results and should in no event be deemed as such. A return on investment may increase or decrease as a result of currency fluctuation. This marketing communication is not directed at and must not be acted upon by US Persons as defined in Rule 902 of Regulation S of the United States Securities Act of 1933, and is not intended and may not be used to solicit sales of investments or subscription of securities in countries where this is prohibited by the relevant authorities or legislation. Any claims arising out of or in connection with the terms and conditions of this disclaimer are governed by Dutch law.



**NN investment
partners**