

Advice

Subject Advice on request for advice “change in remuneration policy EB-SB” d.d. 21 February 2024
To D.S. Nihot, Supervisory Board
Cc P. van der Meer Mohr, P. de Zwart, C. Zegers, S. de Koning and the members of the CWC

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Date 28 March 2024

Dear Mrs. Nihot, dear Dailah, dear Supervisory Board,

The Central Works Council of NN Group (CWC) is pleased with the opportunity to give you our advice to above mentioned request for advice according to article 2:135a clause 3 DCC.

In general we are positive with the contents of the EB remuneration policy and the SB remuneration policy. And we take this opportunity to give a compliment to the SB that they succeeded in drafting an EB remuneration policy that is:

- capable of absorbing different opinions about the matter what should be a fair remuneration for individual EB-members; and
- gives the SB the opportunity to take into account the various interests of all stakeholders.

The CWC adheres to the guiding principles that were used by the SB in drafting these policies. However, in our view risk prudent and fairness driven are not related and should therefore be seen as separate principles, keeping in mind the issue of fairness of total compensation. We are of the opinion that each guiding principle is accounted for in the text of the policies.

EB remuneration policy

Regarding the EB remuneration policy we are pleased to see:

- deferred compensation both in base salary and in the variable remuneration;
- non-financial targets which are at least equally important to the financial targets and which reflect the NN company values.

In our opinion this warrants that the Executive Board of NN Group has focus on the sustainable long run and takes in mind qualitative goals and soft values, evading the pitfall of hit and run. In short, we are positive that this remuneration policy stimulates the kind of entrepreneurship that is needed in the economy and society of our times, stimulates sustainable business with the future in mind and fosters a boardroom culture that is in line with company values.

By stating explicitly that target settings and assignment contracting is guided by the principle of fairness and because of the choice to aim for a total direct compensation which is below market median level of the external benchmark,

according to the CWC, the EB remuneration policy does include the necessary elements to be able to contain actual payments to a level that still has public consent and is not void of the acceptance of most stakeholders.

Nevertheless, the CWC has a sort of dithering regarding the EB-remuneration policy. On the one hand we acknowledge the need to attract and retain senior leaders with an international profile. On the other hand, the CWC represents the workers in the Netherlands and it is in our role to guard internal pay relativities and question the SB in case remuneration of EB would get out of sync with the remuneration of the workers in

general. Our opinion is that with a moderate remuneration practice it should be possible to attract and retain the senior leaders that we need as a company.

So notwithstanding our compliment to the SB, the CWC would like to stress the importance of taking into account the interest of all the different stakeholders including the Dutch public opinion and the workers of NN Group in the Netherlands when the SB determines the Total Direct Compensation for the EB members. As there is a legal obligation in the Netherlands to discuss internal pay relativities between the SB and the CWC, we would like to talk further about this matter in those meetings.

With regard to the EB performance assessment we remark that in determining whether EB objectives are met the SB should well inform himself with independent sources like the external accountant, Corporate Audit Services, and findings and opinions of the Supervisors DNB and AFM.

SB remuneration policy

The CWC gives a positive advice on the changed SB remuneration policy. We are content to see that SB members will only get a fixed annual fee and a fixed annual expense allowance and hence their supervision is not linked to any form of variable remuneration or other benefits.

After careful consultation within the CWC we recommend adopting the request to adjust the annual fixed fees for the SB members as described in paragraph 3.3 of the request for advice 'Change in remuneration policy EB / SB'

In our advice the CWC assumes that we have been given all relevant information and that this information, as stated in the request for advice, is correct and complete. If our assumption is incorrect, this advice should be rendered invalid and the CWC expects an explanatory addendum on the above-mentioned request for advice.

Best regards,



J.W. Engberts

Voorzitter Centrale Ondernemingsraad NN Group