

Responsible Insurance Underwriting Framework Policy

NN Group N.V.

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1. Introduction

At NN Group N.V. (NN Group), we are committed to creating sustainable long-term value for our stakeholders and to contributing to the well-being of people and the planet. As a large financial services company, we recognise our responsibility to help address societal and environmental challenges, such as inequality and climate change. We understand the importance of identifying sustainability risks and opportunities as well as being part of the solution to address those challenges. For example, insurance companies can help to build more resilient communities by providing coverage for risks related to environmental or social factors and they can assist in enabling the transition to a resilient economy by providing insurance solutions.

Sustainability matters are part of NN Group's strategy, our strategic commitments and our interactions with stakeholders. We have therefore developed this Responsible Insurance Underwriting (RIU) Policy, which sets the minimum standard for implementing sustainability in our underwriting and related product development and risk management activities. This includes evaluating sustainability risks and opportunities associated with the product or service, as well as considering the potential impact on society and the environment. By systematically incorporating environmental, social and governance (ESG) due diligence, we can reflect NN Group's values in the underwriting process, and better align our business with our broader objectives and expectations of society while minimising harm to people and the planet.

To stress our commitments, NN Group is a member of various Dutch and international organisations and endorses several initiatives such as:

- UN Environmental Programme Finance Initiative (UNEP FI)
- Principles for Sustainable Insurance (PSI)
- Task Force on Climate-Related Financial Disclosures (TCFD)

NN Group implements (upcoming) regulations such as the Sustainable Finance Disclosure Regulation (SFDR), EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD).

With this policy, we are taking a proactive approach to sustainability in our insurance underwriting and demonstrating our commitment to driving positive change. We are dedicated to advancing sustainability across all aspects of our business. We will continue to collaborate with our stakeholders and partners to achieve our strategic commitment to society.

1.1 Objective

The objective of the NN Group RIU Policy is to provide direction on the integration of sustainability matters in insurance underwriting and product development. It is intended to support NN Group's business units, the NN Group Sustainability team, and other NN Group functions involved, to further incorporate sustainability matters into insurance activities. This includes sustainability-related opportunities, risk management and the consideration of adverse impacts of decision-making in our insurance activities. Please refer to the Appendix for our definition of sustainability matters.

It is important to note that this RIU Policy should be read in conjunction with our other sustainability policies and plans, such as the Responsible Investment Framework Policy and our Climate Action Plan. Additionally, this RIU Policy should be viewed as part of a broader framework of sustainability processes and practices that we have implemented and will continue to strengthen across the organisation. This includes our Product Policy, Product Approval and Review process and our Risk Appetite Statement, which are designed to embed sustainability considerations in our business activities.

By taking a comprehensive and integrated approach to sustainability, we can align our efforts and are able to increase our positive impact.

1.2 Scope and implementation timeline

The RIU Policy is applicable to the Dutch insurance activities for retail and commercial lines² of Nationale-Nederlanden Schadeverzekering Maatschappij N.V., ABN AMRO Schadeverzekering N.V., Nationale-Nederlanden Levensverzekering Maatschappij N.V. and NN Re (Netherlands) N.V.¹ In this RIU Policy, these legal entities are referred to as NN business units.

¹ For NN Re, considering its position as reinsurer without any relationship with primary insurance policyholders, implementation of sustainability risk identification and management differs from other NN business units. When writing internal reinsurance for NN Group subsidiaries, NN Re shall rely on sustainability risk identification and management in insurance underwriting performed by such subsidiary on the basis of this Policy. As part of application for reinsurance by NN Re, NN Group subsidiaries should provide confirmation to NN Re on their compliance with the NN RIU Policy, taking into consideration the extent to which this RIU Policy is applicable to the subsidiary.

For external inward reinsurance activities, NN Re shall perform an appropriate sustainability customer due diligence based on the ESG questionnaire as part of its customer acceptance and review process.

² Considering the varying nature of retail, SME and large corporate customers, there are differences in the implementation of this policy

NN business units are permitted to utilise a one-year timeframe after publication of the RIU Policy in order to define implementation processes that align their business activities with described processes. The RIU committee may establish and guide on processes that operationalise general RIU Policy principles into implementation steps.

To uphold our commitment on responsible insurance practices across all of NN Group's insurance activities, we are committed to implementing the RIU Policy throughout our organisation, making it applicable to all of our insurance activities. In the meantime, this RIU Policy serves as a guiding principle for our insurance activities beyond the Netherlands. This entails the integration of sustainability matters in such activities to the fullest extent possible.

1.3 RIU governance

Strategy setting

The NN Group Executive Board is responsible for the formulation and execution of NN Group's strategy, consistent with its position on sustainable long-term value creation. This strategy includes our commitment to society: 'We contribute to the well-being of people and the planet'. The NN Group Management Board (Management Board) is entrusted with the day-to-day management and the overall strategic direction of NN Group. Within the Management Board, the Chief People, Communications, and Sustainability Officer (CPCSO) is responsible for sustainability. The Chief Risk Officer (CRO) is tasked with ensuring both the Management Board and the NN Group Supervisory Board at all times are informed of and understand the material risks NN Group is exposed to. This includes sustainability risks.

RIU Committee

The NN Group Responsible Insurance Underwriting Committee (RIU Committee) strategically defines and subsequently keeps oversight of the RIU Policy. The RIU Committee steers our ambition for responsible insurance reflecting our strategic commitment on society in our insurance activities. It will oversee and make recommendations, guide on policy making and implementation and serve as an advisory body to the Management Board and other internal stakeholders on RIU-related matters. It advises the Management Board on the RIU Policy and future updates. The NN Group RIU Committee Charter sets out responsibilities and governance of the RIU Committee.

Operational implementation

All NN business units are responsible for taking sustainability matters in insurance underwriting and product development into account. This means identifying, assessing and mitigating such matters based on this RIU Policy.

The RIU Policy prescribes either restrictions or engagement in specific situations involving sensitive areas and/or sectors. Please refer to paragraph 5.2 on Restrictions

2. Sustainability matters in insurance

Our approach to responsible insurance underwriting is twofold, focusing on providing direction to include sustainability matters in insurance underwriting (including engagement and restrictions while keeping the importance of a just transition in mind) and in product development (including insuring sustainability-related solutions).

2.1 Sustainability due diligence in insurance underwriting

At NN Group, we understand that ESG considerations are relevant not only to our product development activities, but also to our risk management and insurance underwriting activities. Long-term sustainability risks and impacts are regularly assessed in the ORSA process based on forward-looking scenarios.

With our due diligence processes, we aim to identify potential risks and opportunities associated with a particular insurance product or service. We refer to principles as contained in the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.² In addition to our due diligence processes, we have defined areas and sectors that we consider to be sustainability sensitive, and for which we apply restrictions.

2.2 Restrictions

This RIU Policy is a reflection of the requirements of relevant laws, the NN Group values, and internationally recognised standards such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. Norms and values are likely to evolve over time. In the case there are strong indications that a (prospective) customer might act in ways that do not align with our RIU Policy, a decision will be taken regarding whether NN Group considers this should lead to either acceptance under engagement or restriction.

Restrictions take place if:

- A (prospective) customer does not pass the customer due diligence checks
- A (prospective) SME or large corporate customer is on the NN Group Exclusion list (investments)
- The sector or type of business a (prospective) SME or large corporate customer is active in, is on an NN business unit specific exclusion list (if applicable to their type of business)

- Non-alignment by the (prospective) SME or large corporate customer in one or more of the five sensitive areas as detailed below is identified by the NN business unit
- A (prospective) SME or large corporate customer is active in one or more sensitive sectors as detailed below

We have defined the following areas as sensitive:

1. Governance
2. Human Rights
3. Labour Rights
4. Environment
5. Bribery and Corruption

We have defined the following sustainability sensitive sectors:

1. Thermal coal mining and unconventional oil & gas exploration

We believe that we have an important role to play in limiting global warming and helping to accelerate the transition to a low-carbon economy. In 2021, NN committed to transitioning our insurance underwriting portfolio to net-zero greenhouse gas emissions by 2050, in line with the 1.5°C Paris Agreement goal. Our approach to achieve a net-zero insurance underwriting portfolio is twofold: decarbonisation of our current portfolio and increasing net-zero-related insurance solutions.

NN Group does not provide insurance services to companies that derive their revenues from thermal coal mining or unconventional oil and gas (shale gas, shale oil, oil shale, arctic oil and oil sands). However, package and company insurance within our marine cargo business is exempt from this coal exclusion policy.

2. Tobacco manufacturing industry

NN Group has concerns regarding public health as well as the economic burden that smoking places on society. We therefore restrict and do not provide insurance services to companies that produce tobacco products such as cigarettes, cigars, tobacco and electronic cigarettes. Producers are restricted when tobacco products account for 5% or more of their revenues.

² Due diligence is the process by which companies identify, prevent, mitigate and account for how they address the actual and potential negative impacts on the environment and people connected with their business. These include negative impacts connected with the company's own operations and its upstream and downstream value chain including through its products or services as well as through its business relationships. Due diligence is an on-going practice. This process is described in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. These international instruments identify a number of steps in the due diligence process including the identification and assessment of negative impacts connected with a company's own operations and its upstream and downstream value chain including through its products or services as well as through its business relationships.

3. Controversial weapons and arms trade

NN Group considers certain weapons to be controversial due to the disproportionate and indiscriminate impact on the civilian population. This is the case for anti-personnel landmines, cluster munitions, biological weapons, chemical weapons, depleted uranium ammunitions and white phosphorus weapons. In defining controversial weapons, we follow widely accepted international conventions or, when not available, we develop our own criteria.

We restrict and do not provide insurance services to companies that are involved in activities such as the production, research and development, maintenance, system integration and testing of products or services that are considered dedicated and essential for the lethal use of controversial weapons.

Separate criteria have been developed for nuclear weapons in addition to the criteria above since they have a different character than other weapon types.

The ownership, production, proliferation and use of nuclear weapons are strictly regulated and monitored via the Non- Proliferation Treaty (NPT) of 1968, and if necessary, sanctioned by the international community.

NN Group restricts and does not provide insurance services to companies that are involved in nuclear weapon activities and: (i) are domiciled in countries that are not a signatory to the NPT, and/or (ii) contribute to nuclear weapons programmes of non-NATO member states.

NN Group considers the trade of arms to certain countries or non-state actors as controversial, due to the high risk that these arms will be used to commit severe human rights violations or prolong conflict.

Companies are identified if they are involved in activities that make weapons, weapons systems, or related materiel or services available to countries in which there is a serious risk that these weapons can be used for internal repression, serious violations of human rights or for any other purpose which cannot reasonably be considered consistent with normal and legitimate national security and defence.

We restrict and do not provide insurance services to companies that demonstrably are involved in activities that make weapons, weapon systems, or related materiel or services available to (i) countries that are subject to a UN and/or EU arms embargo targeting the central government and/or (ii) non-state actors sanctioned by the UN and/or EU. The restriction does not apply to companies that engage in such activities in relation to humanitarian missions or (peacekeeping) military missions that have been commissioned by the international community.

2.3 Waivers and RIU advice

In case a restriction applies on the basis of the NN Group Exclusion List or one or more sensitive sectors, and when products or services are specifically intended for the benefit of employees, such as pension products and employee compensation, a case-by-case customer-based decision will be taken and documented by the involved NN business unit. Possible waivers will be discussed and approved by the RIU Committee, coordinated by the NN Group Sustainability team.

Depending on sustainability risks, and possible non-alignment identified in the above-described sensitive areas, the NN business unit may involve the RIU Committee for non-binding advice. The NN business unit takes this advice in consideration carefully in its decision-making.

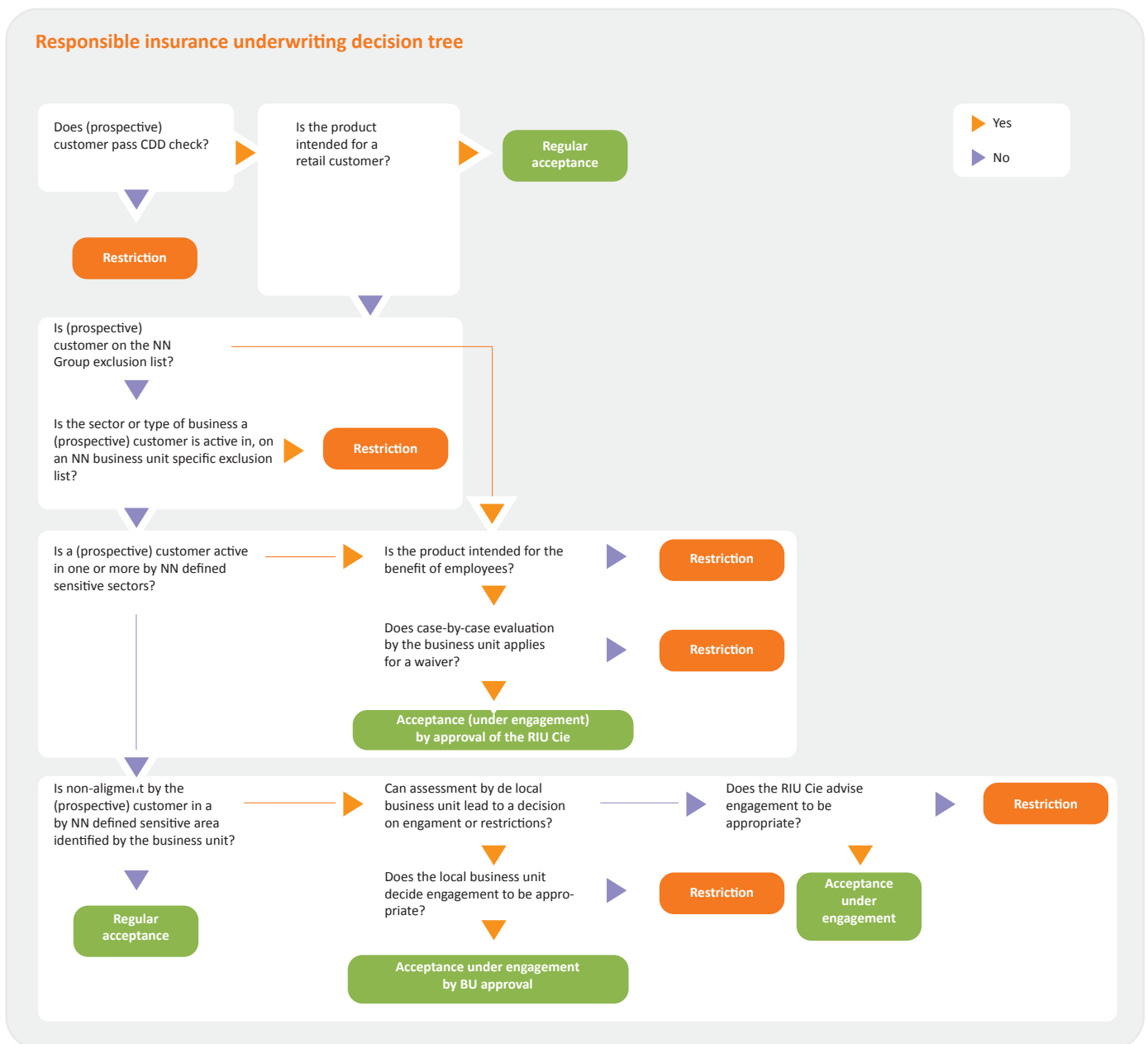
2.4 Engagement in RIU

By identifying sensitive areas, we will be able to take a proactive approach in managing sustainability risks and opportunities in our underwriting activities. We recognise engagement with customers or other stakeholders, rather than exclusion, as an effective approach to driving positive change and achieving sustainable long-term value for both the insurance industry and society as a whole.

Engagement refers to using our influence in interactions with customers or other stakeholders such as advisors or authorised agents (where applicable in the business) to address non-alignment. As such, we will search for opportunities to utilise our position as an insurer to promote positive change and adopt appropriate business practices. In the case of identified non-alignment, a decision needs to be taken on whether customers can be accepted under engagement and/or, as a matter of last resort, should be restricted to mitigate risks. First line responsibility for this decision lies within the NN business units as defined in their RIU processes. The RIU processes can take a risk-based approach. In the case of unclarity concerning non-alignment in sensitive areas, the underwriter should consult the NN business unit ESG risk function or the RIU Committee.

If acceptance under engagement applies, the NN business unit should implement and document engagement activities, approved by the NN business unit ESG risk function according to the NN business unit’s governance. At the end of the engagement period, the NN business unit will evaluate the achievement of set engagement activities. On the renewal date, the NN business unit will decide to renew, whether or not under engagement (again), or end the insurance contract.

The decision tree summarises NN’s process and responsibilities for acceptance, acceptance under engagement or restrictions in responsible insurance underwriting:



2.5 Sustainability product development

It is our ambition to address environmental and societal challenges through the products and services that we offer. We develop products and services that contribute towards solving societal issues. To deliver on our commitment, we have incorporated sustainability matters into product development processes. For example, sustainability is one of the factors we take into account in our Product Approval and Review Process. We check new and existing products on potential 'do no significant harm' aspects and check that products do not focus on sensitive sectors or activities that have a profound impact on people and/or the environment. This means that we periodically assess new products and existing products also on sustainability matters.

For clarity and consistency, we assess products and services on sustainability matters in line with criteria from sustainable finance legislation and regulations like SFDR and EU Taxonomy. This includes assessing the potential impact of products on the environment and society, and identifying opportunities to promote sustainable practices and behaviours among our customers.

We also consider how we communicate the potential sustainability benefits of our products to our customers. This may include providing information on how customers can take preventive measures to reduce their environmental impact (in some cases, including related incentives we offer, for example a lower premium) or highlighting the social and ethical considerations that have been incorporated into the design and development of products.

As part of our pricing policy, we prioritise the inclusion of sustainable product elements to make them insurable and affordable. Our aim is to support our customers in their efforts to become more sustainable. Additionally, we regularly evaluate and enhance our pricing policies to assess if they align with our commitment to society.

By taking a comprehensive and integrated approach, we align our products and services with our values and contribute to our broader sustainability goals.

2.6 Insuring an orderly and just transition

The transition to a more sustainable future requires great efforts from society. Our approach is to contribute to the transition in the real economy, taking a just transition into account. It is important to acknowledge that this cannot happen overnight and that not all countries or communities are able to transition at the same pace. In fact, those groups that are most vulnerable to and disproportionately impacted by, for example, the negative consequences of climate change are often the ones for whom a fast transition is most difficult. We therefore acknowledge the significance of a just transition and are committed to working towards a more sustainable future recognising the needs of all (vulnerable) groups.

3. Approval

This policy was approved by the Management Board in April 2024. Initiated by the RIU Committee, and coordinated by the NN Group Sustainability team, this policy will be reviewed annually, and revised when necessary to continue to ensure its relevance.

4. Appendix: Sustainability matters definition

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

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

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

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

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

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

- **Environmental factors:** climate change, other forms of environmental degradation (e.g. air pollution, water pollution, scarcity of fresh water, land contamination, biodiversity loss and deforestation) and animal welfare, in addition to corrective policy actions aimed at addressing such factors. Climate change is further divided into
 - a. transitional effects resulting from the transition to a lower carbon/green economy and
 - b. physical effects resulting from changes in weather patterns, temperature, hydrological conditions or natural ecosystems (both acute or longer-term shifts).
- **Social factors:** rights, well-being and interests of people and communities, including human rights, (in)equality, health, inclusiveness, diversity, employee rights and labour relations, workplace health and safety.
- **Governance factors:** pursuing or applying proper governance practices, including executive leadership, executive pay, audits, internal controls, responsible tax practices, board independence, shareholder rights, anti-corruption and anti-bribery, and also the way in which companies or entities include environmental and social factors in their policies and procedures.

Clarification note

This Responsible Insurance Underwriting Policy of NN Group N.V. ('NN Group'), was first adopted in April 2024.

Important legal information

Nothing in this document expressed or implied, is intended to or shall create or grant any right of any cause of action to, by or for any person (other than NN Group N.V.)

The policy may be subject to change at any time.

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