



## Principal Adverse Impacts Statement

FMP Entity name: NN Insurance Belgium

Legal Entity Identifier: 549300P1862TXMOYEB58

### Summary

NN Insurance Belgium is a long-term institutional investor with a duty to act in the best interest of our policyholders, clients, shareholders and other stakeholders. To fulfil this duty, we acknowledge the importance of systematically incorporating Environmental, Social, and Governance (ESG) factors into our investment policies, decision-making and related processes. On the one hand, we strongly believe that this ensures better informed investment decisions and helps to optimise the risk-return profile of the investment portfolios. On the other hand, incorporation of ESG factors helps to reflect our organisation's values in the investment process and to better align our business with the broader objectives and expectations of society.

Our assets are managed by asset managers chosen by us. We carefully select asset managers for managing these assets, to ensure that their investment philosophy and approach are aligned with our Responsible Investment policies.

As part of our approach to responsible investing, we aim to mitigate the negative impacts of our investment decisions on sustainability factors. These negative impacts are also called adverse impacts, whereby the most significant adverse impacts are referred to as principal adverse impacts. These principal adverse impacts can occur in different areas, such as environmental, social and employee matters, human rights, corruption and bribery matters.

We consider the adverse impacts of our financial products' investment decisions through specific guidelines. The degree and the way the principal adverse impacts are considered in the investment process depends on various factors, such as on the type of fund or strategy, asset class, asset manager, and availability of reliable data. As a consequence, the exact application can differ between financial products, which will be documented when applicable in the financial product disclosures in line with the requirements and timelines of the European Union's Sustainable Finance Disclosure Regulation (SFDR).

Where we have full discretion over the way our assets are managed, our asset managers are required to consider the principal adverse impacts in their investment due diligence and investment decision-making based on our specifications, and to report on this. Where we do not have full discretion, for example in pooled investment vehicles in which also other investors are investing in, we encourage our asset managers to have suitable methodologies, data and processes to consider the principal adverse impacts in their investment due diligence and investment decision-making. For pooled investment vehicles of external managers that promote environmental or social characteristics, or that have a sustainable investment objective, we expect asset managers to report to us on their activities to address principal adverse impacts and the achieved results. In line with the SFDR requirements, we will increasingly monitor asset managers' that we work with and, their performance in this area and will actively engage with them to further improve their practices and results.



In this statement we provide more information on our overall approach to identifying, prioritising and addressing principal adverse impacts of our investment decisions on various sustainability factors. This includes the expectations we have of our asset managers. This statement consists of the following four sections:

- I. Description of principal adverse sustainability impacts
- II. Description of policies to identify and prioritise principal adverse sustainability impacts
- III. Engagement policies
- IV. References to international standards

I. Description of principal adverse sustainability impacts

As part of NN Group, NN Insurance Belgium has a long history of responsible investing. The NN Group Responsible Investing Framework Policy ([link here](#)) reflects our overall approach to responsible investing.

NN Insurance Belgium considers the principal adverse impacts of its investments on sustainability factors. The present statement is the principal adverse sustainability impacts statement of NN Insurance Belgium.

Different methods to mitigate principal adverse impacts exist. The key ones are exercise of voting rights, engagement with investee companies, and exclusions. Given that external asset managers manage all of our assets, we select where possible and feasible asset managers that apply these methods.

Excluding companies from our investable universe means that we or our asset managers can no longer influence them to mitigate their adverse impacts. For this reason, where possible, we prefer an engagement-led divestment approach, only excluding companies when engagement is either not deemed feasible or is unlikely to change a company's conduct or involvement in specific business activities. The exact way principal adverse impacts are considered depends on various factors, such as on the type of fund or strategy, asset class, asset manager, and availability of reliable data.

More information can be found on the NN Group Responsible Investment Framework policy ([link here](#))

- II. Description of policies to identify and prioritise principal adverse impact sustainability factors ([NN Group – Responsible investment policy framework \(nn-group.com\)](#))

To demonstrate and disclose our vision and approach on responsible investment, NN Group has a Responsible Investment Framework policy. With seven key principles ([link here](#)), we have highlighted the measures we take to responsibly invest our assets. Our approach is a reflection of our investment beliefs, our organisation's values, relevant laws, and internationally recognised norms and standards, based on which minimum requirements have been developed that have to be adhered to in the investment process.

We structurally assess our investment universe based on our norms-based RI criteria and we expect from our asset managers to have the same or similar processes in place.



NN Group expects the companies it invests in to act in accordance with international standards, such as the United Nations Global Compact, UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises. When we assess companies to severely and systematically violate these standards, we encourage our asset managers, where possible and feasible, to start an engagement process. We put companies on our exclusion list when engagement is not or no longer considered feasible to change the conduct or involvement in specific business activities of those companies. Such a decision will not be taken lightly and only where we believe that exclusion is a balanced and proportionate response.

We put companies on our exclusion list when they demonstrably have activities in the trade of arms to central governments or non-state actors that are sanctioned by a UN or EU arms embargo. This is also the case for companies that develop, produce, maintain or trade 'controversial weapons'. Weapons that we define as controversial include anti-personnel landmines, cluster munitions, biological weapons, chemical weapons, depleted uranium ammunitions, white phosphorus weapons, and nuclear weapons. We also put companies on our exclusion list that are involved in the production of tobacco, oil sands, or thermal coal mining. Finally, sovereign issuers against which arms embargoes have been issued by the UN Security Council are also on our exclusion list. On a case-by-case basis, NN Group may decide to also exclude sovereign issuers on other grounds. The NN Group Exclusion list is publicly available on the RI policies page of NN Group's website ([link here](#)).

Where our assets are invested in mandates (branch 21 portfolio) for which NN Insurance Belgium can decide for all aspects how its assets are invested (i.e. fully discretionary), we are able to completely apply the exclusion list. When our assets are invested in funds for which NN Insurance Belgium does not have full discretion over the way they are managed, for example in pooled investment vehicles in which other investors also participate, we cannot enforce our exclusion list one-on-one.

Also where investments are not in violation of our exclusion criteria, these investments can still create adverse impacts, which may be addressed via exercising voting rights or via engagement, which is further elaborated upon in section III. One principal adverse impact is not prioritised over the other, but we and our asset managers do prioritise the resources that are allocated to addressing the principal adverse impacts, based on various factors, such as availability of data, type of investment instruments, impact on society or the environment, and the expected likelihood of successfully mitigating these impacts. As different asset managers have different approaches to addressing principal adverse impacts, there is a variety of ways in which principal adverse impacts are addressed throughout our assets and financial products.

### III. Engagement policies

We believe engagement and voting are effective ways for investors to hold company management accountable and to create beneficial change. We therefore expect the asset managers we choose to address where possible and feasible, principal adverse impacts via structural voting and engagement activities, underpinned by high quality research and data. Where needed we actively engage with our asset managers to further improve their practices, results, and disclosures in this area.

We have a fiduciary duty for assets invested on behalf of our clients and for our own assets. We encourage the asset managers chosen by us to actively engage with the investee companies. Where



our assets are managed on a discretionary basis (i.e. where we have full discretion over the way the assets are managed), the NN Group engagement policy needs to be adhered to [\[link here\]](#).

Next to engaging with companies that severely and systematically violate international standards (as described in section II), we encourage our asset managers to engage on ESG themes that we believe have a material impact on society, and where it is expected that engagement efforts can achieve beneficial change.

Furthermore, we expect our asset managers to periodically report on their engagement activities and results and we will engage with them where this is not structurally the case.

#### IV. References to international standards

Our investment approach incorporates internationally recognised standards, including the UN Global Compact, the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. Based on these standards, our Responsible Investment Framework policy includes minimum requirements that have to be adhered to in the investment process. We actively track indications of violations of NN's norms-based responsible investing criteria. Such indications include research from NN's external ESG research or engagement provider(s), inputs from own (investment) staff, our asset managers, or information from NGOs or media sources. Where we do not have full discretion over the way our assets are managed, we encourage our asset managers to consider these.

We believe that part of being a responsible investor is to actively contribute and collaborate with other players in the investment value chain to further develop the field. We therefore endorse or sign relevant standards and statements, and are active members and signatories of various networks and responsible investment initiatives, and actively encourage our external asset managers to do the same. In addition, we consider a range responsible business conduct codes and internationally recognized standards for due diligence and reporting.

Below we have listed examples of memberships and responsible business conduct codes and initiatives that we have endorsed or are signatory to. Please refer to this [link](#) for the full list.

- The UN Global Compact principles
- Paris Agreement Pledge for Action
- FSB Task Force on Climate-related Financial Disclosures (TCFD)
- Financial sector commitment to Dutch Klimaatakkoord
- Partnership for Carbon Accounting Financials (PCAF)
- Institutional Investor Group on Climate Change (IIGCC)
- GRESB
- ICSR covenant for the Dutch insurance sector
- Paris Aligned Investment Initiative Net Zero Asset Owner Commitment