

1. Statement on principal adverse impacts of investment decisions on sustainability factors, published on 30-06-2023

2. Financial market participant NN Insurance BELGIUM LEI: 0890 270 057

3. Summary

NN Insurance Belgium, registered under legal entity identifier (LEI) 0890 270 057, **considers principal adverse impacts of its investment decisions on sustainability factors.**

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

This statement on principal adverse impacts on sustainability factors (PAI statement) covers the reference period from 1st January 2022 to 31st December 2022 and covers the financial products in scope of Regulation (EU) 2019/2088 on sustainability related disclosures in the financial services sector (SFDR).

NN Insurance Belgium is a long-term institutional investor with a duty to act in the best interest of its 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 supports the optimization of the long-term risk-return profile of the investment portfolios. On the other hand, incorporation of ESG factors helps to reflect our organisation's values and further aligns our business with the broader sustainability objectives and expectations of society. NN Insurance Belgium has proprietary assets where NN Insurance Belgium runs the investment risk, and client assets, which include (amongst others) assets held for unit-linked insurance products invested via collective funds managed by external asset managers. These client assets are therefore managed in accordance with the investment policy of the external asset manager, client preferences and distribution partner preferences.

We carefully select asset managers for managing these assets, taking into account different aspects of the asset management that includes the alignment of their investment philosophy and approach with our Responsible Investment policies (where possible and feasible).

As part of our approach to responsible investing, we aim to take into account 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 (PAI). These principal adverse impacts can occur in different areas, namely environmental, social and employee matters, human rights, corruption and bribery matters. We consider the adverse impacts of our financial products' investment decisions through our Responsible Investment Framework (RI) policy.

The degree and the way the principal adverse impacts are subsequently considered in the investment process depends on several factors, such as on the type of fund or strategy, asset class, asset manager, and availability of reliable data. Consequently, the exact application can differ between financial products which, where applicable, is documented in the financial product disclosures in line with the requirements and timelines of the SFDR.

Where we have full discretion over the way the assets are managed, our asset managers are required to consider the principal adverse impacts in their investment due diligence and investment decision-making. Where we do not have full discretion, for example in collective investment funds other investors are also invested in, we will encourage our asset managers, where possible and feasible, to have suitable methodologies, data, and processes to consider the principal adverse impacts in their investment due diligence and investment decision-making by the methodology described in the RI Policy – NN Insurance Belgium Implementation.

For collective investment funds of external asset managers that promote environmental or social characteristics, or that have a sustainable investment objective, we expect asset managers to report, where possible and feasible, to us on their activities to address principal adverse impacts and the achieved results.

As more PAI data and reporting becomes available, we are better positioned to increasingly monitor the performance of our asset managers in this area and will engage in a dialogue with them to further improve their practices and results. We provide more information in this statement on our overall approach to identifying, prioritising, and addressing principal adverse impacts of our investment decisions on sustainability factors for the financial products in scope of the SFDR. This includes the expectations we have of our external asset managers.

Furthermore, we provide the figures (i.e., quantitative values) of the PAI indicators that are mandatory to report on (from Table 1 of Annex I of Delegated Regulation 2022/1288). These figures have been calculated based on our interpretation of the requirements set out in the Delegated Regulation (EU) 2022/1288, and we have considered related guidance, clarifications and frequently answered questions published by the European Commission and the European Supervisory Authorities. This statement relates to the reference period 1st January 2022 until 31st December 2022.

This statement consists of the following five sections:

- A. Description of the principal adverse impacts on sustainability factors;
- B. Description of policies to identify and prioritise principal adverse impacts on sustainability factors;
- C. Engagement policies;
- D. References to international standards; and
- E. Historical comparison(not available at this time as this is the first application of the PAI)

This PAI Statement is only applicable to NN Insurance Belgium and only focuses on the adverse impacts of financial products in scope of the SFDR.

For NN Insurance Belgium this concerns the following product categories: Insurance-based investment products, Pension product or scheme.

4. Description of the principal adverse impacts on sustainability factors – Table 1

NN Insurance Belgium recognises several ways of mitigating adverse impacts on ESG factors, the key ones being active ownership (engagement and voting- when possible) and restrictions of exposure to certain sectors and activities.

NN Insurance Belgium works with external asset managers, so the way (principal) adverse impacts are considered in the investment process and which exact mitigating actions are taken or planned depends on several factors. This includes factors such as on the type of fund or strategy, asset class, asset manager, and the availability of reliable data. Where relevant, the disclosures of our financial products provide more insights in how adverse impacts are considered by the financial product.

Table 1 below contains the principal adverse impacts on sustainability factors and is based on the data provided by Morningstar and by external managers.

Table 2 and 3 contain the relevant additional indicators: Environmental (Investments in companies without carbon emission reductive initiatives) and Social (lack of human rights policy).

In relation to the values of the PAI-indicators in Table 1, we note the following constraints:

- It is currently not possible to have full insights into all PAIs caused by our investments, as in many cases there is either no data available at all or the data is based on interpretations, estimates or proxies.

- The reporting by issuers on sustainability-related information is still under development. As such, there are significant differences between data disclosed by European issuers (companies and countries) vis-à-vis issuers from other parts of the world, as well as between large issuers and smaller issuers, and between public issuers and private issuers, for example. It is therefore expected that initial data is relatively sensitive to fluctuations and that over time, data becomes more stable.
- NN Insurance Belgium invests through external asset managers and for an important part in collective investment funds. Therefore, it does not always have direct influence on issuers in relation to their performance on PAIs.

However, given NN Insurance Belgium's Responsible Investment commitment and ambitions, where we have leverage, we will exert it, as described in this PAI statement.

Indicators applicable to investments in investee companies							
Adverse sustainability indicator		Metric		Impact 2022	Impact 2021	Explanation	Actions taken, actions planned, and targets set for the next reference period
Climate and other environment related indicators							
Greenhouse gas emissions	1.	GHG emissions	Scope 1 GHG emissions	54.704,97	n/a		NN Insurance Belgium has proprietary assets where NN Insurance Belgium runs the investment risk, and client assets, which include (amongst others) assets held for unit-linked insurance products invested via collective funds managed by external asset managers. The principles applied for the proprietary assets of NN Insurance Belgium are based on the Responsible Investment Framework policy of NN Group. The client assets are managed in accordance with the investment policy of the external asset manager, client preferences and distribution partner preferences. NN Group is committed to accelerate the transition to a low carbon economy and has formulated four main objectives in its <u>Climate Action Plan</u> (CAP) for its general account investment portfolio: decarbonisation by investing in better
			Scope 2 GHG emissions	15.879,95	<u>n/a</u>		

							<p>climate performers (reduction of -25% tCO₂ per EUR mln per 2025 and 45% per 2030 compared to the 2021 baseline, 45% portfolio coverage compared to the 2021 baseline of 29%), engaging with issuers to guide them in their transition (75% targeted proportion of financed emissions to be aligned or under engagement / stewardship actions by 2025, compared to 66% in 2021), investing in climate solutions (adding EUR 6 bln by 2030, taking the total to EUR 11 bln), selective divestments, considering climate risks, join forces to develop best practices (such as the Group's adherence to the PAII Net Zero Asset Owner commitment) and public policy advocacy. There is collaboration with the asset manager managing a substantial part of the Proprietary Assets in the Paris Alignment Council on the transition strategy. Although client assets are not directly in scope of NN Group's CAP, NN Group expects legal entities to apply the Group's strategy when structuring discretionary mandates and selecting funds, to the degree possible and feasible.</p> <p>Active ownership</p> <p>NN Group's majority asset manager has Climate transition as one of its stewardship themes. As part of these activities, the asset manager focuses on improving emissions disclosure and emission target-setting disclosure in its investee companies. Besides individual engagements that it leads directly, the asset manager also participates in collaborative engagements through</p>		
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						<p>CA100+ to further support progress on net zero strategies.</p> <p>In addition, NN Group also participates in collaborative engagements on this topic. NN Group participates with investors part of the Dutch Climate Coalition, who actively and directly engage with oil and gas companies on their decarbonisation efforts and transition strategies.</p> <p>Restrictions</p> <p>Thermal coal mining: More than 5% of revenues derived from new investments in thermal coal mining (current holdings are in run-off to 5% by 2030)</p> <ul style="list-style-type: none"> - Oil / tar sands extraction: More than 5% of revenues derived from oil sands extraction - Arctic drilling: More than 5% of revenues from Arctic drilling <p>Shale oil and gas production: Immediate exclusion of companies directly involved and generating >30% of revenues from shale oil and gas. For companies with between 5 and 30% involvement, investment is only allowed if it has a credible transition plan.</p>
		Scope 3 GHG emissions	556.536,71	<u>n/a</u>		
		Total GHG emissions	626.359,95	<u>n/a</u>		
	2. Carbon footprint	Carbon footprint	101,48	<u>n/a</u>		
	3. GHG intensity of investee companies	GHG intensity of investee companies	692,28	<u>n/a</u>		
	4. Exposure to companies	Share of investments in	1,36%	<u>n/a</u>		

		active in the fossil fuel sector	companies active in the fossil fuel sector				
		5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Share of non -renewable energy consumption: 44,73% Share of non-renewable energy production: 27,49%	<u>n/a</u>		
		6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE A (Agriculture, forestry and fishing activities) = 2,8919 NACE B (Mining & quarrying) = 1,1023 NACE C (manufacturing) =3,3418 NACE D (electricity, gas, steam and air conditioning supply) = 1,2511 NACE E (water supply, sewerage, waste management and remediation) = 0,0387			

			<p>NACE F (construction) = 0,1202</p> <p>NACE G (wholesale and retail trade and repair of motor vehicles and motorcycles) = 0,0916</p> <p>NACE H (transportation and storage activities) = 0,2185</p> <p>NACE I (real estate) = 0,4690</p>			
Biodiversity	7. Activities negatively affecting biodiversity-sensitive	Share of investments in investee companies with sites / operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	1,83%	n/a		<p>NN Insurance Belgium has proprietary assets where NN Insurance Belgium runs the investment risk, and client assets, which include (amongst others) assets held for unit-linked insurance products invested via collective funds managed by external asset managers. The principles applied for the proprietary assets of NN Insurance Belgium are based on the Responsible Investment Framework policy of NN Group. The client assets are managed in accordance with the investment policy of the external asset manager, client preferences and distribution partner preferences.</p> <p>NN Group has signed the Finance for Biodiversity Pledge and is a collaborative member of the Finance for Biodiversity Foundation. NN Group has herewith committed to assess its impact, set targets and report publicly on these targets by end of 2024 at the latest.</p>
Water	8. Emissions to water	Tonnes of	0,1239	n/a		

		emissions to water generated by investee companies per million EUR				
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	6,3086	n/a		<p>NN Insurance Belgium has proprietary assets where NN Insurance Belgium runs the investment risk, and client assets, which include (amongst others) assets held for unit-linked insurance products invested via collective funds managed by external asset managers. The principles applied for the proprietary assets of NN Insurance Belgium are based on the Responsible Investment Framework policy of NN Group. The client assets are managed in accordance with the investment policy of the external asset manager, client preferences and distribution partner preferences.</p> <p>NN Insurance Belgium works with external asset managers. The asset managers' policies and investment philosophy, where possible and feasible, resembled the intention and objectives of the NN RI Framework policy. A large part of its assets is managed by Goldman Sachs (GSAM). GSAM focuses on Waste & Material supporting clients that manage waste responsibly and promote sustainable production and consumption through their operations. Goldman Sachs Climate Transition</p>
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Social and employee matters	10. Violations of UN Global Compact	Share of investments in	0,05%	n/a		NN Insurance Belgium has proprietary assets where NN Insurance Belgium runs the investment risk, and client assets, which

	principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				include (amongst others) assets held for unit-linked insurance products invested via collective funds managed by external asset managers. The principles applied for the proprietary assets of NN Insurance Belgium are based on the Responsible Investment Framework policy of NN Group. The client assets are managed in accordance with the investment policy of the external asset manager, client preferences and distribution partner preferences.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact Principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	3,30%	n/a		<p>Policy</p> <p>NN Group expects the companies it invests in to act in accordance with the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for MNEs. NN Group expects the portfolio management team to assess each company on adherence to these principles.</p> <p>While the UNGC principles are part of the NN Group RI framework policy, UNGC violations do not directly lead to exclusion. Only when engagement is considered not or no longer feasible to resolve the UNGC violation an issuer may be added to the NN Group restricted list.</p>
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee	11,04%	n/a		

		companies				
	13. Board gender diversity	Average ratio of female to male board members in investee companies	27,93%	n/a		Active ownership In our voting policy, we vote against the (re)appointment of the Chair and the Nomination Committee Chair if the percentage of female directors on the board is less than best practice levels of 30% in most European markets.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,00%	n/a		NN Insurance Belgium has proprietary assets where NN Insurance Belgium runs the investment risk, and client assets, which include (amongst others) assets held for unit-linked insurance products invested via collective funds managed by external asset managers. The principles applied for the proprietary assets of NN Insurance Belgium are based on the Responsible Investment Framework policy of NN Group. The client assets are managed in accordance with the investment policy of the external asset manager, client preferences and distribution partner preferences. Policy NN Group considers certain weapons to be controversial due to the disproportionate and indiscriminate impact on the civilian population. This is the case for among others anti-personnel landmines, cluster munitions, chemical weapons and biological weapons (the full list of what NN Group defines as controversial weapons can be found in our RI Framework policy). Restrictions

						<p>NN Group restricts companies that are involved in activities such as production, research and development, maintenance, system integration and testing of products or services that are considered dedicated and essential for the lethal use of these type of weapons. In defining these weapons, we follow widely accepted international conventions or, where not available, we have developed our own criteria.</p>
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, actions planned, and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	0,1152	n/a		<p>NN Insurance Belgium has proprietary assets where NN Insurance Belgium runs the investment risk, and client assets, which include (amongst others) assets held for unit-linked insurance products invested via collective funds managed by external asset managers. The principles applied for the proprietary assets of NN Insurance Belgium are based on the Responsible Investment Framework policy of NN Group. The client assets are managed in accordance with the investment policy of the external asset manager, client preferences and distribution partner preferences.</p> <p>Policy and ambitions</p> <p>NN Group has chosen to temporarily steer on the proprietary portfolio weighted NN Country Climate Score. NN Group aims for the score to be equal or better at the end of the year compared to the start of the year. NN Group is currently reviewing this methodology to ensure that it fits with NN's strategic goals which is aimed to be finalized in 2023.</p>

Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	Number of investee countries: 0,0284 Relative number divided by all investee countries: 0,13%	n/a		NN Insurance Belgium is willing to avoid investing countries subject to social violations. This PAI indicator will be followed on a quarterly basis. It is our intention to maintain the exposure to such countries as low as possible. However, and despite our efforts and the communication made to external managers, it could occur that some investments occur in such countries. In this case, we will enter in dialogue with the external assets manager.
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, actions planned, and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate	Share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels	0,0%	n/a		NN Insurance Belgium has proprietary assets where NN Insurance Belgium runs the investment risk, and client assets, which include (amongst others) assets held for unit-linked insurance products invested via collective funds managed by external asset managers. The principles applied for the proprietary assets of NN Insurance Belgium are based on the Responsible Investment Framework policy of NN Group. The client assets are managed in accordance with the investment policy of the external asset manager, client preferences and distribution partner preferences.
Energy efficiency	18. Exposure to energy-inefficient	Share of investments in energy-	11,21%	n/a		

		real estate assets	inefficient real estate assets				Policy and ambitions For the indirect real estate portfolio of NN Group, the target is that by 2030 most of the real estate funds (>75% based on GAV) are committed to achieving net-zero GHG emissions by 2040 or sooner.
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The data sources used to calculate the adverse sustainability indicators are primarily Morningstar and data obtained from external asset managers. Please refer for more information about the data sources to the section *“Data sources used”*, in the chapter *“Description of policies to identify and prioritise principal adverse impacts on sustainability factors”*. In the process of aggregating data to FMP entity data, in certain cases where no data was available, a value of zero (0) has been used for the PAI-indicator.

This means that the values of the PAI-indicators reported in the table may be lowered due to incomplete data availability. This coverage percentage is calculated by dividing the value of the investments for which data was available for an individual PAI-indicator, by the value of the investments for which that individual PAI-indicator is applicable. The differences in percentages are among others related to the constraints mentioned in the introduction above table 1.

With respect to the PAI-indicators related to GHG emissions (PAI-indicator number 1), it is possible that scope 1, 2 and 3 do not add up to the total GHG emissions reported, due to different coverage percentages.

Other indicators for principal adverse impacts on sustainability factors

Additional climate and other environment-related indicators – Table 2

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments in investee companies		
Climate and other environment-related indicators		
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement.

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters – Table 3

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments in investee companies		
Human rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy

5. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Policy framework addressing our investments' adverse impacts on ESG factors

We, NN Insurance Belgium, are part of NN Group and operate within the policy framework NN Group has set up. The NN Group's approach towards responsible investing is documented in its [RI policy](#). The objective of this policy is to support in the systematic incorporation of sustainability risk and opportunities into the investment process. The scope of the NN Group RI Framework policy includes both the management of sustainability risk and the consideration of adverse impacts on ESG factors in our investment decision process. The latter is a key part of NN Group's approach to Responsible Investing.

As a part of NN Group, NN Insurance Belgium, where possible and feasible, takes into account negative impacts on sustainability factors that our investments may cause.

NN Group's definition of adverse impacts (including, but not limited to investments) are negative impacts on ESG factors that are caused by or (in)directly linked to NN Group's activities (strategy, investment decisions, underwriting and operations). In the context of this PAI statement, adverse impacts are defined as the negative impacts caused by NN Insurance Belgium's investments, whereby the most significant adverse impacts are referred to as principal adverse impacts.

The NN Group RI Framework policy applies to every asset category where it is possible and feasible to consider ESG factors.

This PAI statement concerns the assets linked to the financial products in scope of the SFDR, namely the following product categories: Insurance Based Investment Products, Pension product or scheme. This includes the way how adverse impacts of NN Insurance Belgium's investment decisions are identified, prioritised, and taken into account when possible and feasible.

Governance and implementation

The NN Group RI Framework policy has been in place since 2014. The objective of the NN Group Responsible Investment Committee is to ensure suitable governance and monitoring of the development and implementation of NN Group's RI approach. The NN Group RI Framework policy is regularly updated, based on relevant developments related to responsible investment. The NN Group RI Committee approved the latest version of the RI Framework policy in May 2023. As per this date, the latest version of the policy has been implemented by NN Insurance Belgium.

We, NN Insurance Belgium, apply those elements of the NN Group RI Framework policy that are consistent with the fiduciary responsibility and the mandate provided by our clients, and relevant regulation. Where we invest directly or work with external asset managers via discretionary mandates, we strive to implement, where possible and feasible, the NN Group RI Framework policy. Where such assets are invested via collective investment funds managed by external asset managers, we apply a principle-based approach, meaning that where possible and feasible, the key premises and objectives of the NN Group RI Framework policy are expected to be applied by the external asset manager.

Methodology to select additional principal adverse impact

NN Insurance Belgium considers additional PAI-indicators from Table 2 and 3 of Delegated Regulation (EU) 2022/1288, namely:

- Indicator 4 from Table 2: Investments in companies without carbon emission reduction initiatives;
- Indicator 9 from Table 3: Lack of a human rights policy.

These additional indicators are considered to be principal to NN Insurance Belgium. This was determined by assessing factors such as severity, probability of occurrence and potential irremediability of the underlying (direct or indirect) adverse impact. Furthermore, given the limited data availability and the quality of currently available data for the PAI-indicators listed in Table 2 and 3 of the Delegated Regulation (EU) 2022/1288, the indicators selected are those for which NN Insurance Belgium is able to measure and monitor the performance of over time.

The review of whether these are still the most relevant additional PAI-indicators will take place on a periodic basis. As applies to the implementation of PAIs in general, the degree of implementation of these additional PAI-indicators in the investment process depends on several circumstances, such as whether we have full discretion over the assets or not.

Data sources used

NN Insurance Belgium works with different external asset managers. Their PAI-indicator data reporting may be based on different methodologies, or they may not (yet) report on this data. To enhance data availability and comparability across all assets within product and entity level adverse impacts calculations, NN Insurance Belgium uses adverse indicator data from a third-party data provider, Morningstar, as the primary data source as well those from external asset managers.

In case the adverse impact data is not available in Morningstar, NN Insurance Belgium makes use of the data provided via the external manager, preferably delivered by means of the European ESG Template (EET). We expect data coverage to improve in the coming years. Therefore, we will continue to evaluate different approaches to retrieving PAI-indicator data

6. Engagement policies

Engagement and voting, as well as public policy advocacy, are effective ways for investors to hold company management accountable and to create beneficial change. We therefore expect the external asset managers we work with to address, where possible and feasible, principal adverse impacts via structural voting and engagement activities, underpinned by high quality research and data.

In NN Group's RI Framework policy minimum active ownership criteria are described which we expect all investee companies and external asset managers to respect. Appendix II of that document contains proxy voting standards and Appendix III engagement standards.

The extent and manner in which our engagement expectations are reflected in the engagement policies of the external asset manager, may differ between external assets managers. This also holds for how and the extent in which external asset managers include adverse impacts and specific adverse impact indicators in their engagement policies and how they will adjust their policies based on the development of the principal adverse impacts caused by their investments.

Where considered needed we would engage with our asset managers to further improve their practices, results, and disclosures in this area. We expect our asset managers to periodically report on their engagement activities and results. Should we observe with time and experience, unusual, unexpected PAI values, we will start a dialogue with the external asset manager in order to understand what the reason is behind these values and, if relevant, which actions they will take to address these values.

If an external asset manager's policy is not aligned with the RI Framework policy or in our view underperforming on the mitigation of adverse impact, those aspects will reflect negatively on that asset managers and will be taken into account in the fund selection procedure. The engagement of NN Insurance Belgium with its UL asset managers on the ESG topics, is described in the "RIPF NN IB implementation"-document. A possible outcome could be that the external asset manager adjusts its active ownership policy or its restrictions.

If over time, an external asset manager or fund (still) does not meet the RI Framework policy criteria and engagement with the external asset manager has not led to sufficient material improvements, NN Insurance Belgium could reconsider its investments made in the specific fund or mandate and might consider the potential transition to other external asset managers. Such decision will be based on different criteria including the respect of Ri Framework policy criteria but also other legal and contractual obligations.

7. References to international standards

NN Insurance Belgium as part of NN Group, adheres to relevant international standards and guidelines, including UN Global Compact and the OECD Guidelines for Multinational Enterprises. To underline our ambitions, NN Group including NN Insurance Belgium has endorsed various national and international initiatives, and we are a member of various relevant international organisations. For an overview, please visit NN Group's [website](#).

The NN Group's commitment to international standards is also reflected in our investment approach, which incorporates the 10 principles of UN Global Compact, the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. These have been translated in our RI policy by including minimum criteria that have to be adhered to in the investment process. NN Insurance Belgium tracks indications of violations of NN's norms-based responsible investing criteria. Such indications include research from our external ESG research or engagement provider(s), input from own (investment) staff, our asset managers, and information from NGOs or media sources.

Where we do not have full discretion over the way our assets are managed, we encourage our external asset managers to integrate these international norms and standards in their investment process through our RI policy.

NN Group is a member of several Paris Agreement related initiatives and NN Insurance Belgium encourages our external asset managers to adopt a net-zero or climate transition strategy, where relevant, possible, and feasible. Where the external asset manager has a Paris aligned,

net-zero or other climate strategy in place, it depends on the external asset manager whether a forward-looking climate scenario is used and what it is based on.

From the PAIs mentioned in table 1, 2 and 3 in this PAI statement, the following ones are (among others) indicators that can be used to measure adherence to or alignment with responsible business conduct codes and internationally recognised standards for due diligence and reporting and/or the objectives of the Paris Agreement:

- Table 1, PAI indicator 10: Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- Table 1, PAI indicator 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact Principles and OECD Guidelines for Multinational Enterprises;
- Table 1, PAI indicator 16: Investee countries subject to social violations;
- Table 2, PAI indicator 4: Investments in companies without carbon emission reduction initiatives.

As mentioned under *“Data sources used”* in the section *“Description of policies to identify and prioritise principal adverse impacts on sustainability factors”*, NN Insurance Belgium expects the external asset managers to collect and report on the data on adverse impacts and therefore also responsible for the methodology and data used to measure the adherence or alignment with international standards.

The scope of coverage, data sources, and whether the methodology used forecasts the principal adverse impacts of investee companies may therefore vary between external asset managers. This also relates to the potential use of any forward-looking climate scenarios.

8. Historical comparison

Historical comparisons of the PAI metrics will be provided for the first time in 2024, which will include a comparison of the 2023 figures compared to the 2022 figures.

End note

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