



Sustainability risk policies

Pursuant to article 3 of the Sustainable Finance Disclosure Regulation (hereinafter referred to as “SFDR”), NN Insurance Belgium is required to make certain disclosures. These disclosures are listed below. We have described our policies in relation to the integration of sustainability risks in our decision-making process.

We apply the Responsible Investment Framework policy of the NN Group (the “**RI Framework policy**”), that supports “the systematic incorporation of Environmental, Social, and Governance (“**ESG**”) factors into the investment process, managing both risks and opportunities.” This helps making better informed investment decisions and to optimise the risk/return profile of the investment portfolios, as well as to reflect NN’s values in the investment process and to better align our business with the broader objectives and expectations of society regarding sustainability.

The RI Framework policy applies to all asset categories and to our Proprietary Assets and Client Assets as defined in the RI Framework policy.

The NN Group has defined ESG risk as “the risk being (in)directly associated with violations of environmental and social standards and norms” and ESG Investment risk as “Risk that ESG factors with respect to investments and/or investment proposals are not sufficiently understood or recognised, leading to assets losing value or missed investment opportunities”. The SFDR uses the term “Sustainability Risk”, whereas the NN Group uses the term “ESG risk” in the RI Framework policy. These terms are regarded as the same.

In what follows, we describe how the RI Framework policy is applied to NN’s own asset managers, as well as external assets managers.

1. How it is applied where NN or NN owned asset managers have discretionary mandates

The RI Framework policy requires that we establish a process to systematically incorporate ESG factors into our investment decision-making process. In brief we do so by implementing a variety of Responsible Investment (“**RI**”) strategies:

- Applying NN’s normsbased RI criteria, excluding investments in some specific industries or companies;
- Integrating, where relevant, material ESG risks and opportunities into the research and analyses of investments;
- Exercising active ownership through voting and engagement;
- Exercising restrictions (as a measure of last resort).

The RI Framework policy sets out norms-based RI criteria through which investments in companies involved in certain activities are excluded. Such activities include, but are not limited to:

- Development, production, maintenance or trade of Controversial Weapons;
- The controversial supply of arms;



- Tobacco production;
- Mining of thermal coal;
- Corporates violating the standards of the United Nations Global Compact and OECD guidelines; and
- Countries subject to country-wide arms embargo sanctions.

NN Group asset managers that manage Client Assets pursuant to discretionary mandates, apply those elements of the RI Framework policy that are consistent with their fiduciary responsibilities and the mandate we have provided.

The NN Group *asset managers* apply the NN Restricted List, as described in the RI Framework policy.

2. Application where we invest in investment funds, managed by NN Group owned asset managers

NN Group's asset managers, that manage investment funds, will apply those elements of the RI Framework policy that are consistent with their fiduciary responsibilities to the investment fund and the investment guidelines of the mutual fund.

The NN Group asset managers will apply the NN Restricted List, as described in the RI Framework policy. If an investment fund is obliged by their prospectus to replicate the composition of indices (i.e., passively managed products such as ETFs and index funds), we will ensure that the cumulative weighting in issuers for which legislation is in place prohibiting their financing, is not more than 5% of the related fund or index.

3. Application where we invest in investment funds, managed by external asset managers

Investment funds and privity equity funds managed by external asset managers cannot implement the NN RI Framework policy, because there are multiple investors that participate. Also, the NN Restricted List cannot be applied for the same reason.

For these funds, we will monitor the composition of such funds and we will ask those asset managers for responsible investment policies and restricted lists. We request from these external asset managers an overview on their sustainable investment approach including their style of sustainable investing, their reporting on CO² reduction, waste reduction and water reduction versus benchmark, which sustainable labels the fund and the asset managers have obtained.

The information we have disclosed above is based upon the information that currently is available, also relying on information provided to us by asset managers. Where asset managers have not



provided us with (adequate) information, we will continue our efforts to obtain this information. When more (adequate) information becomes available, we will amend our disclosures to reflect this.

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