

# Clarifying note relating to the Remuneration Policy Executive Board of NN Group N.V.



This clarifying note serves as a further explanation to the process followed in reviewing the Remuneration Policy Executive Board of NN Group N.V. (EB Remuneration Policy) and provides more details related to the following elements:

- Background
- Regulatory update
- Stakeholder engagement
- Main changes

This clarifying note forms an integral part of the EB Remuneration Policy.

### 1. Background

- The EB Remuneration Policy needs to be submitted to the General Meeting of NN Group (General Meeting) for adoption every four years based on Dutch law.
- The EB Remuneration Policy was last adopted by the General Meeting on 28 May 2020 with a positive vote of 94,6%, with effect from 1 January 2020.
- A broad stakeholder outreach was conducted and all feedback, views and interests of the various stakeholders were carefully considered in the review of the policy.

### 2. Regulatory update

- No relevant changes in laws and regulations occurred that require any updates on the EB Remuneration Policy.
- The Dutch Corporate Governance Code (the Code) has been updated, including an increased focus on sustainable long-term value creation.

### 3. Stakeholder engagement

The Supervisory Board is aware that the remuneration of the members of the Executive Board (EB members) is a topic of high interest to a broad group of stakeholders. NN Group therefore has invited this broad group of stakeholders to give their view on the remuneration policy. This resulted in numerous interactions with stakeholders to obtain their feedback about the EB Remuneration Policy and its intended amendments. The stakeholder outreach was performed in accordance with NN Group's [stakeholder engagement policy](#). These interactions took place amongst others via virtual meetings, face-to-face meetings and panel discussions. Stakeholders that were involved consisted of shareholders, proxy advisors, shareholder lobbying groups, employees and the Central Works Council of NN Group, regulators and clients/public via panel discussions. The EB members were also invited to give their views.

The feedback provided during the stakeholder engagement process focused on the following topics:

- Sustainability and alignment with the strategy
- Simplicity and transparency of performance objectives
- Deviation clarification
- Share ownership for the members of the Executive Board and
- The relation between the remuneration of the EB members and the wider workforce

The Supervisory Board has carefully considered all feedback, views and interests of the various stakeholders as received in the numerous interactions as well as the input received from shareholders during previous meetings and voting in which no questions were asked. The changes made following this feedback are reflected in paragraph 4.

### 4. Main changes

A thorough review of the EB Remuneration Policy took place in which all remuneration elements were considered. In this review, the update of the Code, the feedback received from stakeholders since the previous vote on the remuneration policy, as well as external market practice were taken into account. In general, it was concluded that the policy operates as intended. Therefore, the majority of changes consists of efforts to improve transparency and further alignment with NN Group practices and market practice.

The following changes were made to the EB Remuneration Policy:

- Emphasized the link between the strategy, the sustainability strategy and the role in society on the one hand and remuneration on the other hand. This is amongst others done, by moving the most relevant parts from the former annex I to the Introduction.
- Provided more focus on sustainable long-term value creation in various paragraphs.
- Updated the strategic objectives in paragraph 7.2.1.
- Enhanced transparency of the deviation clause in paragraph 12, amongst others by disclosing the circumstances under which the deviation clause can be applied and for which remuneration elements.
- Clarified in paragraph 7.1.g how the policy results in the build-up of share ownership for the members of the Executive Board and ensures alignment with the long-term interest of shareholders.
- Changed the benchmark analyses frequency in paragraph 5.f from every two years to at least every two years to be in line with the NN Group practices and for transparency purposes.
- Made minor adjustments to the EB Remuneration Policy to enhance the readability, and to provide further clarifications where necessary.

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