

# Compliance Function Charter

## Policy Information

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# 1. Introduction

## 1.1 Introduction

Risk management is a fundamental part of the insurance and banking business, and must be performed appropriately to enable NN Group N.V. (“**NN Group**”) and its subsidiaries (“**NN**”) to successfully meet its obligations towards clients, regulators and other stakeholders. Risk taking is an integral part of NN’s business; having the right risk governance, systems and functions in place to manage risks is therefore important.

NN Group has defined and categorised its generic inherent risk types in a mutually exclusive and collectively exhaustive risk taxonomy (“**Risk Taxonomy**”), and subsequently expressed its appetite for these risk types in three risk appetite statements, divided into sub-risk statements for internal steering purposes (“**Risk Appetite**”).

NN Group’s *framework* to demonstrably manage risks within the relevant Risk Appetite (the “**Effective Control Framework**”, or “**ECF**”), is set out in the following documents, included in NN Group’s Policy House (“**PH**”):

- Risk Management and Internal Control General Principles (PH - Governance section)
- Risk Taxonomy (PH)
- Control Monitoring Standard (PH – Group Policies & Standards section)
- Incident Management Standard (PH – Group Policies & Standards section)
- Action Tracking Standard (PH – Group Policies & Standards section)
- Second Line Opinions Policy (PH – Group Policies & Standards section).

This Charter provides the charter pursuant to which NN Group allocates responsibilities in scope of the Compliance Function (defined below).

Compliance with this Charter is mandatory as it represents minimum standards, which apply throughout NN. Local legislation, regulation or customs may, under certain conditions, justify deviation from this Charter. In case of deviation, a waiver must be sought from the Chief Compliance Officer and, in respect of some deviations set out in this Charter, after consultation of the General Counsel.

In the event that local legislation, regulations or customs impose additional or more stringent requirements on the Compliance Function or the management of risks in scope of the Compliance Function, such requirements need to be adhered to.

This Charter is to be read in the context of NN Group’s governance structure as documented in:

- Governance Manual NN Group
- NN Group Decision Structure
- Support functions and other Head Office Staff Functions roles and responsibilities
- Regulatory Change Committee Charter.

These documents can be found in NN Group’s PH - section Governance.

## 1.2

### Scope

The Management Board has tasked the Compliance Function with monitoring compliance with financial supervision laws and regulations pertaining to integrity and conduct and related internal policies and advising thereon.

Therefore, the scope of the Compliance Function is limited to the following risks (as defined in NN Group's Risk Taxonomy) which are hereafter referred to as "**Risks in scope of the Compliance Function**":

- (i) Strategic Risks<sup>1</sup>: risks arising from making incorrect business decisions, implementing decisions poorly, or being unable to adapt to changes in the operating environment that lead to risks and/or issues in scope of the Compliance Function;
- (ii) Business Conduct Risks<sup>2</sup>: Terrorist financing, Money Laundering and Sanctions risk, Improper handling of inside information or personal data risk, Corruption & Bribery risk, Market abuse risk / Unfair competition risk, Interaction risk; excluding Third Party Sustainability Risks, Tax evasion risk and Internal Fraud Risk;
- (iii) People Conduct Risks: Personal conflicts of interest risk and Dealing with confidential information risk; excluding Professional behaviour risk.
- (iv) Product Suitability<sup>3</sup>: Product customer value risk, Product mis-selling risk, Product / client information risk and Product maintenance risk; and
- (v) Operational Risks & Losses: Legal Disclosure Risk insofar relating to the risk that disclosures on substantial shareholding positions and net short positions are legally incomplete, false or otherwise inadequate or untimely.

In addition, the Compliance Function is tasked with advising the MB and SB on Solvency regulations adopted pursuant to the Solvency II directive, or on other material regulatory frameworks relevant to the Group as a whole, including an assessment of the possible impact on any changes in these areas including risk of non-compliance as well as an assessment of the adequacy of the measures taken by NN to prevent non-compliance.

Finally, the Compliance Function is tasked with developing and maintaining a framework for ensuring compliance with financial supervision laws and regulations which is aligned with NN Group's ECF.

With regards to the above-mentioned risks in scope of the Compliance Function, it is important to note that in the ECF framework, compliance with laws and regulations and policies and standards is considered the 'must-do part of risk mitigation'; indicating that the overall objective of the ECF framework is to manage risk. In the process of managing risk, compliance with laws and regulations and policies and standards is effectively a minimum requirement.

For the Sound Business Conduct risks, the requirement to adhere to applicable laws and regulations and the need for BUs to periodically assess the degree to which they do, is further emphasised. In assessing the risk levels of these risks, as well as in the process to report on these risks and/or the degree to which BUs operate within risk appetite, BUs are required to consider a number of control questions, among which the question to what extent their risk management practice complies with laws and regulations (as laid down in the mandatory part of the ECF reporting guidance). See also 4.1.iii below.

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<sup>1</sup> This also includes sustainability aspects

<sup>2</sup> This also includes sustainability aspects

<sup>3</sup> This also includes sustainability aspects

### **1.3**

#### **Target Audience**

SB NN Group,  
MB NN Group,  
BU management boards,  
Heads of Group Support Functions (GSFs)  
Compliance Function.

## 2. Strategic Commitments and three lines of defence

### 2.1 Strategic Commitments

Our purpose is our reason of being and it reflects the kind of company we aspire to be: a company that delivers value for all our stakeholders, not just wealth. Together with our values and our brand, our purpose is at the heart of our culture.

Our purpose is: At NN we help people care for what matters most to them.

Our ambition is that we want to be an industry leader, known for our customer engagement, talented people, and contribution to society.

We translated our ambition into five strategic commitments:

**Customers and distribution** - We see our customers as the starting point of everything we do.

**Products and services** - We develop and provide attractive products and services.

**People and organisation** - We empower our colleagues to be their best.

**Financial strength** - We are financially strong and seek solid long-term returns for shareholders.

**Society** - We contribute to the well-being of people and the planet.

Effective management of risks in scope of the Compliance Function supports NN to live up to and deliver on its strategic commitments and values. It contributes to building trust in the company, both internally and externally, and protects NN's brand. It enables NN to meet its compliance obligations and protects it from loss or reputational damage. It improves the way NN interacts with its stakeholders, enables NN to maintain a sustainable business and provides the license to operate.

### 2.2 Three lines of defence within NN Group

NN's compliance function follows the three lines of defence model. This model defines three lines, each with distinct roles, decision authorities, execution responsibilities, and oversight responsibilities:

- **First line of defence:** CEO of NN Group and the CEOs of the Business Units ("BUs"), as well as their management board members that collectively make business decisions, with primary accountability for the performance, sales, operations, investments, compliance and related risks affecting their businesses.
- **Second line of defence:** Independent oversight and support functions with a major focus on insurance, market, operational, legal, and compliance risks. The oversight functions:
  - Develop the policies, standards, best practices, and Charters for their specific risk and control area.
  - Encourage and objectively, as well as actively, challenge/monitor sound risk management throughout the organisation and coordinate the reporting of risks.
  - Support the first line of defence in making proper risk-return trade-offs.
  - Have escalation power in relation to business activities that are judged to present unacceptable risks to NN.
- **Third line of defence:** Corporate Audit Services ("CAS"). CAS provides independent assurance on the effectiveness of NN's business and support processes, including governance, quality of risk management and quality of internal controls. They assess the first line of defence activities as well as the second line of defence activities.

## 3. Responsibilities for risks in scope of the Compliance Function

### 3.1 Responsibilities of the NN Group Management Board

The Management Board (“**MB**”) consists of:

- (i) the Chief Executive Officer (“**CEO**”) and Chief Financial Officer (“**CFO**”) which together comprise the Executive Board (“**EB**”), and
- (ii) the CEO Netherlands Non-life, Banking & Technology, CEO Netherlands Life & Pensions (“**CEOs Netherlands**”), CEO International Insurance, Chief Risk Officer (“**CRO**”), General Counsel and Chief People, Communications and Sustainability Officer (“**CPCSO**”).

The NN Group Management Board must foster a sound risk culture by (amongst other):

- a. showing exemplary behaviour;
- b. demonstrating (the need for) integrity;
- c. providing the appropriate standing of the Compliance Function within the organisation and ensuring the Compliance Function is given the (financial) resources to adequately and effectively perform its tasks;
- d. setting appropriate organisational and personal objectives demonstrating a sound balance between commercial performance and managing risks;
- e. encouraging a culture of trust and accountability; and
- f. addressing non-compliant or otherwise non-constructive conduct in an appropriate manner.

The EB is responsible for the first line of defence activities and activities related to risks in scope of the Compliance Function of the Group Support Functions (“**GSFs**”) directly reporting to them<sup>4</sup>.

In addition, the EB has allocated:

- (i) Day-to-day execution of and responsibility for the activities of the first line of defence in relation to risks in scope of the Compliance Function to the CEOs Netherlands, and the CEO International Insurance for their respective area of responsibility.
- (ii) Day-to-day execution of and responsibility for the first line of defence activities in relation to risks in scope of the Compliance Function to the CRO and CPCSO for their area of responsibility.
- (iii) Day-to-day execution of and responsibility for (a) the first line of defence the activities in relation to risks in scope of the Compliance Function of Group Legal and Group Compliance, and (b) the activities of the Compliance Function as the second line of defence, to the General Counsel.

These responsibilities are described below. For the responsibilities as regards legal risk management and risk management, reference is made to the NN Group Legal Charter and Risk Management Function Charter respectively.

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<sup>4</sup> CEO direct responsible for: CAS, Investment Office, M&A and Portfolio Strategy, Insurance International.  
CFO direct responsible for: Finance, excluding M&A and Portfolio Strategy.

### **3.2 Responsibilities of the BU management boards**

Within the BU management board, the BU CEO is primarily responsible for risks in scope of the Compliance Function (according to General Principles of Risk Management & Internal Control). The BU CEO has delegated responsibility for the second line of defence activities related to risks in scope of the Compliance Function to the BU Head of Compliance (or the BU Head of Legal & Compliance if appointed).

A BU management board can also delegate responsibility relating to risks in scope of the Compliance Function to dedicated board committees. In case risk committees are in place, each risk committee must have a charter outlining the committee's scope, responsibility, composition, frequency of meetings, decision powers, and escalation rights. The BU management board remains ultimately responsible for any delegated authority, including the functioning of established committees.

### **3.3 Responsibilities of the direct reports of the CPCSO, General Counsel and CRO**

The COCR, General Counsel and CRO can attribute management of risks in scope of the Compliance Function to their direct reports and/or their Senior Management.

### **3.4 Responsibilities of Senior Management and all employees**

First Line Senior Management is responsible for sound management of risks in scope of the Compliance Function in their respective areas of responsibility. This means that managers are responsible for managing risks in scope of the Compliance Function, in accordance with the risk control cycle, e.g. through assuring continuous compliance with relevant NN Group Policies, adequacy (design and operational effectiveness) of controls and taking stock of risk levels. Also, management can design and monitor Key Risk Indicators (KRIs), and acts when a KRI (b) reaches a threshold.

All employees are responsible for managing risks in scope of the Compliance Function. The statement of Living our Values includes the requirement that employees comply with applicable laws, regulations and internal policies and guidelines.

### **3.5 Responsibilities of the General Counsel**

- i. The EB has allocated its second line responsibilities for risks in scope of the Compliance Function to the General Counsel. The General Counsel is therefore responsible for establishing and maintaining an effective but operationally independent Compliance Function. The General Counsel has, in turn, delegated day-to-day responsibility for managing the Compliance Function to the Chief Compliance Officer ("CCO"). The General Counsel, as responsible manager, is responsible for the first line of defence activities of Group Legal, Group Compliance, Corporate Security & Investigations Team and the Corporate Secretariat. The CCO is the Solvency II Key Function Holder for Compliance. For the internal governance and reporting requirements of the General Counsel and the CCO, reference is made to the Governance Manual NN Group.
- ii. The General Counsel is responsible for the hiring of the CCO after approval of the CEO. The CCO may be fired, at the initiative of the General Counsel, after approval of the Chairperson of the Risk Committee of the Supervisory Board whereby the Chairperson of the Supervisory Board has a right to be consulted.

## 4. Responsibilities of the Compliance Function in Head Office

### 4.1 Responsibilities of the CCO

The CCO is entrusted with the day-to-day responsibilities of NN's Compliance Function. The CCO manages an operationally independent Compliance organisation, which supports the first line in its decision-making, and which has sufficient countervailing power to prevent excessive risk taking (intentionally outside the risk appetite). The CCO must ensure that the MB and the SB are properly and timely informed of and understand the material risks in scope of the Compliance Function to which NN Group is exposed.

The CCO:

- i. must **foster a sound risk culture** by (amongst other):
  - a. showing exemplary behaviour;
  - b. demonstrating (the need for) integrity;
  - c. providing the appropriate standing of the Compliance Function within the organisation;
  - d. setting appropriate organisational and personal objectives demonstrating a sound balance between commercial performance and managing risks;
  - e. encouraging a culture of trust and accountability; and
  - f. addressing non-compliant or otherwise non-constructive conduct in an appropriate manner.
  
- ii. is responsible for **establishing and maintaining an effective Compliance Function** both at Head Office ("Group Compliance") as well as at BU level which can deliver pursuant to the requirements set forth in the Compliance Charter.

As such the CCO makes sure that the Compliance Function has:

  - a. the necessary qualifications, knowledge and experience as well as sufficient resources;
  - b. access to the organisation at all levels;
  - c. sufficient independence from the commercial activities and other functions in order to be able to perform its duties objectively;

If required in light of a-c, the CCO has the right and duty to, at its discretion, inform and escalate according to paragraph 4.2.
  
- iii. establishes and maintains **an effective Framework** for risks in scope of the Compliance Function which can deliver pursuant to the requirements set forth in this Charter. The CCO in that regard:
  - a. advises the MB and SB on Solvency and regulations adopted pursuant to the Solvency II directive including an assessment of the possible impact on any changes in these areas including risk of non-compliance as well as an assessment of the adequacy of the measures taken by NN to prevent non-compliance.
  - b. develops and maintains a list of financial supervision laws and regulations for NN Group and coordinates the establishment of a framework and/or a governance on the basis of which a level of comfort on adherence to these financial supervision laws and regulations can be obtained and maintained.

- c. ensures adequate reporting to the MB by the Compliance Function or where appropriate by other GSFs on the possible impact of material changes in the legal environment on NN Group.
  - d. chairs the Regulatory Change Committee (“RCC”). The composition, tasks and responsibilities of the RCC are described in the Regulatory Change Committee Charter.
- iv. oversees the management of risks in scope of the Compliance Function, maintaining compliance with this Charter and maintaining Compliance policies and standards related to risks in scope of the Compliance Function, including related laws and regulation;
- a. has, at its discretion and with due observance of the responsibilities of the BUs or GSFs, the right and duty to intervene in the compliance operations of BUs or GSFs and, in any event, the responsibility to intervene when it:
    - i. becomes aware of a material deviation from this Charter;
    - ii. becomes aware that actions are taken or omitted, or has reason to believe that an internal or external factor, may potentially result in a significant impact to NN’s reputation, pose a material risk and/or a breach of the risk appetite (defined at Group and/or BU level);
  - b. is authorised to request CAS to carry out a specific audit into specific business or functional activities;
  - c. is authorised to instruct Corporate Security & Investigations to carry out a special investigation into a specific business activity, department or person and make specific recommendations to Corporate Security & Investigations and the relevant business management thereto;
  - d. is responsible to develop and execute a risk-based Compliance operational year plan aligned with the strategy of NN Group and reports (mid) yearly progress to the MB; and
  - e. manages risks in scope of the Compliance Function related communications, training strategies and initiatives and ensures support to GSFs and the BUs as required whereby a risk-based approach is applied towards BUs and GSFs. This risk-based approach leads to a full regime or light regime in overseeing and supporting activities towards BUs and GSFs. Product Suitability risk and Terrorist financing, Money Laundering and Sanctions risk are excluded from this risk-based approach and oversight and supporting activities will be applied in full for all BUs and GSFs. This risk-based approach will be applied and assessed annually to assess which BUs and GSFs qualify for a light regime and communicated accordingly to the relevant BUs and GSFs.
- v. is responsible for **preparing the Group Compliance Business Planning (“BP”) and may provide input to the BU Compliance’s budget setting.**
- vi. is responsible for appointing, after consultation of the General Counsel, a **key function holder** for each BU. A BU Head of Legal & Compliance is appointed by the General Counsel and the CCO, having an equal vote.
- vii. is responsible for appointing a FEC Compliance Officer for the GSFs. See 6. Appendix for detailed roles and responsibilities.
- viii. **reports on risks in scope of the Compliance Function and in that regard:**
- a. reports and provides its opinion and advice to the MB - in conjunction with other (non-financial) risk functions - on significant risks relevant to NN;

- b. participates in MB meetings where and insofar it concerns compliance topics or topics with an evident compliance angle that are tabled for discussion. In addition, the CCO has the right to request an invite to participate in the MB meeting in respect of any agenda item;
  - c. has regular meetings with the CEO to share information and discuss topics in scope of the Compliance Function;
  - d. has quarterly meetings with the Chairperson of the Risk Committee of the SB in which issues as well as business related developments are discussed, and an action list is produced. In addition, the CCO will have a standing invite to the Risk Committee of the SB and is provided access to its agenda and document submission prior to meetings. The CCO will also semi-annually report to the Risk Committee on risks in scope of the Compliance Function and the Operational plan for the upcoming year and progress on delivering this plan;
  - e. provides on a quarterly basis, together with other the Risk and Legal functions , a Second Line view on topics in the ERM report, co-owned by Second line, in scope of the Compliance function;
- ix. **Advises** the MB and senior Management on risks in scope of the Compliance Function with regard to:
- a. Policies and Standards;
  - b. issues/incidents and supports them in managing and mitigating issues/incidents; and
  - c. (strategic) projects of NN (e.g. acquisitions, divestments, ecosystems, platforms and innovation).
- x. Will act as the (ultimate) **reporting officer for the whistleblower complaints** for NN group-wide and is responsible to periodically report on the statistics of new and updated whistleblower cases to the MB and the SB.
- xi. Is responsible for initiating and performing **Reviews** of risks in scope of the Compliance Function and agreeing on the timelines with the MB member and the BU involved. The CCO may involve expertise from BU Compliance and other Control & Support Functions when deemed necessary. The final Review Report is shared with the relevant MB member, the General Counsel and the relevant BU CEO or Head of GSF. The Risk Review Report must be considered during subsequent decision making on the business initiative the report relates to. The CCO informs the MB of the Reviews performed.
- xii. Maintains an **ongoing relationship with the regulators of NN Group**.
- xiii. **Keeps abreast of regulatory and industry trends in scope of the Compliance Function** and advises relevant stakeholders and the Compliance Function.
- xiv. Operates in **close contact with the other key functions**, i.e. (i) CAS, (ii) Risk (iii) Legal; (iv) the Actuarial function, as well as (v) other relevant GSFs.

The CCO may delegate execution of its tasks and responsibilities to members of the Group Compliance team as appropriate. Delegation of execution of its tasks outside the function, may only take place in consultation with the General Counsel.

## 4.2

### Escalation

In case of a conflicting interest between the CCO and the General Counsel, the CCO has the right and duty to inform and escalate to the CEO whereby these meetings are minuted.

The CCO has the right and duty to, at its discretion, inform and escalate to the Chairperson of the Risk Committee of the SB significant compliance issues affecting NN Group. In addition, the CCO has the right and duty to escalate, if so required, to the Chairperson of the SB.

## 4.3

### Responsibilities of Group Compliance

#### 4.3.1 Responsibilities in general

Group Compliance supports the CCO in the execution of the CCO's duties and responsibilities pursuant to this Charter. Group Compliance is responsible for (among others):

- (i) Governance of risks in scope of the Compliance Function, through:
  - a. this Charter;
  - b. related policies, standards and guidance documents, including, but not limited to:
    - o Code of Conduct
    - o FEC Policy;
    - o Gift, Events and Business meals Policy and GEM Standard NL and Group Staff;
    - o Market Abuse Risk Policy, with related Personal Trading Standard;
    - o Product Policy;
    - o Outside Positions and Outside Interests Standard;
    - o Providing Securities Activities to U.S. Persons Policy;
    - o Whistleblower Policy;
    - o CREDO Standard.
- (ii) Providing shared services for GSFs and BUs regarding Personal Account Dealing<sup>5</sup>.
- (iii) Monitoring and disclosing on an aggregated basis substantial shareholdings and net short positions on behalf of NN towards regulators in line with the CREDO Standard.
- (iv) Acting as centre of expertise providing expert advice, which includes developing vision, methodologies, tools, techniques, to ensure that NN's approach to manage risks in scope of the Compliance Function is robust.
- (v) Providing an expert opinion on risks in scope of the Compliance Function included in reporting to the MB, as well as the (Risk Committee of the) Supervisory Board of NN Group together with the Legal and Risk function.
- (vi) Solid understanding of and support to BUs and GSFs to the extend necessary to perform its role.
- (vii) Overseeing and independently and objectively challenging (a) decision-making in relation to and (b) management of risks in scope of the Compliance Function, by BUs in cooperation with BU compliance functions and GSFs whereby a risk-based approach is applied towards BUs and GSFs as described in paragraph 4.1 iv e.
- (viii) Reviewing and approving the PARPs in line with the Product Policy.

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<sup>5</sup> The shared service for Personal Account Dealing is provided to persons in scope of the PTS.

- (ix) Periodically review of the maturity of the BUs, including the maturity of the BU Compliance function and GSFs regarding managing risks in scope of the Compliance Function and take appropriate action (if required).

#### **4.3.2 Responsibilities towards Group Support Functions specific**

The Group Compliance Function appoints the compliance officers for the GSFs. The Compliance Officer for the GSF performs below activities whereby a risk-based approach is applied towards GSFs (see 4.1 iv e):

- (i) **Reports into the Group Compliance Function.**
- (ii) **Supports the Head of the GSF in executing the Compliance operational year plan** as developed by Group Compliance based on the strategy and specifics of the GSF and in alignment with the operational plan of other control functions (if any).
- (iii) **Supports the Head of the GSF in managing risks in scope of the Compliance Function related communications, training strategies and initiatives** and ensures support as required.
- (iv) **Reports on risks in scope of the Compliance Function:**
  - a. Provides on a quarterly basis, together with other Control Functions Heads, a Second Line opinion to the ECF Report of the GSF;
  - b. timely and adequate reporting of material risks in scope of the Compliance Function related incidents and issues; and
  - c. support and/or issues other reports concerning risks in scope of the Compliance Function, e.g. monitoring reports or supports root cause analysis.
- (v) **Advises, both proactive and on request,** GSF management team on:
  - a. Compliance Policies and Standards;
  - b. Risks in scope of the Compliance Function related issues and supports them in managing and mitigating risks in scope of the Compliance Function issues as they arise; and
  - c. (strategic) projects activities of the GSF (e.g. acquisitions, divestments, ecosystems, platforms and innovation).
- (vi) **Consults with the CCO** (or its delegate) in case:
  - a. initiatives are anticipated with a material impact on NN's risk profile;
  - b. significant weaknesses in the BU ECF framework are identified;
  - c. significant local delays in group-wide risk activities and/or initiatives are expected;
  - d. emerging risks, or risks that are gradually materialising, are identified; and
  - e. significant compliance incidents are identified.

# 5. Responsibilities of the BU Compliance Function

## 5.1 Responsibilities of the BU Head of Compliance

Each BU will appoint a Head of Compliance (BU Head of Compliance), or a BU Head of Legal & Compliance as the case may be (in accordance with NN's operating model as set forth in the NN Group Governance Manual), reporting hierarchically directly to the BU CEO or to the BU Head of Legal & Compliance, if appointed, and functionally (directly or indirectly) to the CCO of NN Group.<sup>6</sup> For BUs that are reporting into another BU pursuant to NN Group's governance structure, the BU Head of Compliance of the former BU reports into the BU Head of Compliance of the latter BU. If BU level management has legitimate reasons to deviate from this governance model prior approval must be obtained from the CCO after consultation with the General Counsel.

The BU Head of Compliance:

- (i) must foster a sound risk culture by (amongst other):
  - a. showing exemplary behaviour;
  - b. demonstrating (the need for) integrity;
  - c. providing the appropriate standing of the Compliance Function within the organisation;
  - d. setting appropriate organisational and personal objectives demonstrating a sound balance between commercial execution/performance and managing risks;
  - e. encouraging a culture of trust and accountability; and
  - f. addressing non-compliant or otherwise non-constructive conduct in an appropriate manner.
  
- (ii) Is responsible for **establishing and maintaining an effective BU Compliance Function** which can deliver pursuant to the requirements set forth in the Compliance Charter. As such the BU Head of Compliance makes sure that the BU Compliance Function has:
  - a. the necessary qualifications, knowledge and experience as well as sufficient resources;
  - b. access to all activities in his or her area of responsibility.;  
sufficient independence from the commercial activities in order to be able to perform its duties objectively.
  
- (iii) Establishes and maintains **an effective BU Framework** of risks in scope of the Compliance Function which can deliver pursuant to the requirements set forth in this Charter. This entails at least:
  - a. the development and execution of a risk based Compliance operational year plan aligned with the strategy of the BU and the operational plan of Group Compliance;
  - b. documentation in which additional local responsibilities and requirements are described that fall within the scope of Compliance (besides those already formulated in this Charter);
  - c. formulating local policies, standards and guidelines where required related to risks in scope of the Compliance Function, including related laws and regulation; and
  - d. a comprehensive set of risks in scope of the Compliance Function related communications, training strategies and initiatives, including the associated support to departments of the BU as required.

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<sup>6</sup> See 4.1.v: appointment of key function holder.

- (iv) **Advises, both proactive and on request**, the BU management board and senior management on risks in scope of the Compliance Function:
  - a. Policies and Standards (including combined Policies and Standards<sup>7</sup>);
  - b. related issues and supports them in managing and mitigating issues as they arise; and
  - c. (strategic) projects activities of the Business (e.g. acquisitions, divestments, ecosystems, platforms and innovation).
  
- (v) **Reports on risks in scope of the Compliance Function:**
  - a. Provides on a quarterly basis, together with other Control Functions Heads, a Second Line opinion to the BU ECF Report to the BU management board and the local supervisor board (where applicable);
  - b. supports timely and adequate reporting of material risks in scope of the Compliance Function related incidents and issues; and
  - c. Supports and /or issues other reports concerning risks in scope of the Compliance Function, e.g. monitoring reports or supports root cause analysis.
  
- (vi) Will act as the **reporting officer for whistleblower complaints** for the BU and is responsible to report on the statistics of new and updated whistleblower cases at least quarterly to the CCO and the BU management board.
  
- (vii) Provides **input into the LTF and BUs budget setting**.
  
- (viii) Shall coordinate the monitoring and assessing of the impact of (proposed) changes in financial supervision laws and regulation in relation to their BU/area of expertise and responsibilities and ensures these are timely signalled to BU management to ensure appropriate action can be taken to timely respond to identified changes. BUs are encouraged to implement a structure with the same purpose and which fits their business as described in the Regulatory Change Committee Charter.
  
- (ix) Maintains an **ongoing relationship with the (risks in scope of the Compliance Function related) regulators of the BU**.
  
- (x) Maintains an **ongoing relationship and close contact with the other key functions** CAS, the Risk and Legal functions and the Actuarial function, as well as other staff functions.
  
- (xi) **Consults with Group Compliance** in case
  - a. Local business initiatives are anticipated with a material impact on NN's risk profile;
  - b. significant weaknesses in the BU ECF framework are identified;
  - c. significant local delays in group-wide risk activities and/or initiatives are expected;
  - d. emerging risks, or risks that are gradually materialising, are identified; and
  - e. significant (potential) compliance incidents are identified or whistleblower cases are reported.
  
- (xii) The BU Head of Compliance may delegate execution of its tasks and responsibilities to members of its BU Compliance team as appropriate. Delegation of execution of its tasks outside the function, may only take place in consultation with the CCO.

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<sup>7</sup> E.g. the Product Policy.

Regular interaction between Group Compliance and BU Compliance takes place with respect to, among others year plan, product approval and review, risk reporting, policy and standard setting, implementation and monitoring, audits by the regulator, incidents whereby the risk-based approach is applied as described in paragraph 4.1 iv e.

## **5.2 Responsibilities of the BU Compliance function**

The BU Compliance function supports the BU Head of Compliance in the execution of his duties and responsibilities pursuant to this Charter.

Each BU Head of Compliance may tailor his/her compliance department to fit into its local business, taking into consideration the nature, scale and complexity of the risks inherent in the business, with due observance of the full scope of the tasks and responsibilities of the BU Compliance Function.

Each BU Compliance function must have a FEC Compliance Officer. The FEC Responsible BU Board Member must appoint a FEC Compliance Officer or delegate the appointment to the BU Head of Compliance. See 6. Appendix for detailed roles and responsibilities.

## **5.3 Escalation**

The BU Head of Compliance has the right to oppose any (business) proposal in their respective BU. In case of dispute between the BU Head of Compliance and the first line, the BU Head of Compliance must escalate to the CCO. The BU CEO must escalate to the MB member/CEO responsible for his/her Business segment. The CEO of NN Group is ultimately responsible for resolving risks in scope of the Compliance Function related disputes after consultation of the General Counsel. The CCO provides advice to the CEO and the CCO has the right to escalate to the Chairperson of the NN Supervisory Board.

The BU Head of Compliance has the right and duty to escalate significant compliance issues affecting NN and/or material budget constraints to the CCO (and BU management and/or supervisory board, at least to the extent required by local law)

The BU Head of Compliance has the right and duty to inform and escalate to the CCO any conflict of interest between the BU Head of Compliance and his/her manager.

## 6. **Appendix Role and responsibilities FEC Compliance Officer/FEC Compliance Officer GSFs**

### **Key provisions**

- The FEC Compliance Officer/FEC Compliance Officer GSFs must have sufficient mandate to propose, at its own initiative, all necessary or appropriate measures to ensure the efficiency and effectiveness of the internal FEC measures to the BU management board and for the GSFs to the CCO.
- When appointing the FEC Compliance Officer/FEC Compliance Officer GSFs, it has to be determined whether the role will be carried out on a full-time basis or whether the role may be combined with another role, under the condition that there is sufficient time allocation for the FEC related activities.
- If the responsibilities of the FEC Compliance Officer/FEC Compliance Officer GSFs are to be entrusted to an officer or employee who already has other duties or functions within NN, the BU management board, and the CCO for the FEC Compliance Officer GSFs, has to identify and consider possible conflicts of interest and take the steps necessary to avoid these.
- The FEC Compliance Officer/FEC Compliance Officer GSFs has to make him/herself available to the competent authority and the local state authority Financial Intelligence Unit ("FIU") upon request, and therefore requires an employment agreement with the BU/GSF and operate in the country in which the BU/GSF is established.
- The FEC Compliance Officer/ FEC Compliance Officer GSFs must be able to assign and delegate tasks to employees acting under his/her direction and supervision. The responsibility for the fulfilment of these tasks remains with the FEC Compliance Officer/ FEC Compliance Officer GSFs.
- The FEC Compliance Officer reports hierarchically into the BU Head of Compliance and functionally to the Group Compliance FEC Compliance Officer reporting into the CCO. The FEC Compliance Officer GSFs reports hierarchically and functionally to the CCO.
- The FEC Compliance Officer/ FEC Compliance Officer GSFs has at all times unrestricted and direct access to information that is necessary to the performance of his/her function. The decision on which information he/she needs to access in this regard is at the FEC Compliance Officer/FEC Compliance Officer GSFs discretion.
- In the case of a significant incident, the FEC Compliance Officer/FEC Compliance Officer GSFs has to report and has direct access to the relevant BU management board respectively to the CCO.

#### **1. Suitability, skills and expertise**

The FEC Compliance Officer/ FEC Compliance Officer GSFs must have the right skills and expertise that matches the risks within the BU/GSFs:

- The appropriate FEC skills and expertise, including knowledge of the applicable legal and regulatory FEC framework, and the implementation of FEC standards, controls and procedures.
- Sufficient knowledge and understanding of the FEC risks associated with the business model of the BU/GSFs to perform the function effectively.
- Relevant experience regarding the identification, assessment and management of FEC risks.

## **2. Tasks of the FEC Compliance Officer/FEC Compliance Officer GSFs**

### **1. Report risk assessment results**

The FEC Compliance Officer/FEC Compliance Officer GSFs must report the results of the business-wide FEC risk assessment to the BU management board respectively to the MB of NN Group. In addition, the FEC Compliance Officer/FEC Compliance Officer GSFs has to propose to the BU management board respectively to the MB of NN Group the measures to further mitigate FEC risks. The proposed measures must be implemented by the relevant first line process owners. In addition, Group Compliance must be informed about the results in order to assess the group-wide FEC risk profile.

### **2. Development of FEC standard and procedures**

The FEC Compliance Officer/FEC Compliance Officer GSFs is responsible for creating and maintaining the FEC standard which is to be implemented by the BU/GSF, taking into account the FEC Policy, the local applicable laws and regulation and the FEC risks the BU/GSF is exposed to. The responsibility also includes a proposal how to address any changes in legal or regulatory requirements and identified FEC risks and monitor the implementation of the proposed changes.

### **3. Monitoring compliance**

The FEC Compliance Officer/FEC Compliance Officer GSFs is responsible for monitoring whether the local FEC standard and procedures are implemented effectively by the relevant BU/GSF; The FEC Compliance Officer/FEC Compliance Officer GSFs has to oversee the effective application of FEC controls applied within the BU/GSF.

### **4. Reporting of suspicious transactions**

In relation to the FEC Compliance Officer's/ FEC Compliance Officer GSFs' obligation to transmit information to the FIU when a suspicious transactions or attempt is suspected, the FEC Compliance Officer/FEC Compliance Officer GSFs has to make sure that only relevant employees have access to the file of the investigation of the suspicious transactions or the reporting of such transaction. In addition, these employees must have sufficient skills and knowledge to assist with that task. Due consideration must be given to the sensitivity and confidentiality of information that may be disclosed and the non-disclosure obligations the BU/GSF has to adhere to.

The FEC Compliance Officer/FEC Compliance Officer GSFs has to ensure that the BU/GSF internal controls will enable it to comply with any guidance provided by the FIU.

The FEC Compliance Officer/FEC Compliance Officer GSFs must draw the attention of managers and employees to the obligation to comply strictly with the prohibition on informing the customer or third parties that a reporting to the FIU is ongoing or may be started. Access to this information should be limited to the persons who need the information for the performance of their function. While there is a non-disclosure obligation applicable within the BU/GSF, the FEC Compliance Officer/FEC Compliance Officer GSFs must still consider carefully to whom information on either any reports submitted to the FIU or any request for information received from the FIU is provided within the BU/GSF. The reporting procedure has to be confidential and the identity of the parties involved in the preparation and forwarding of the report must be protected.

### **5. FEC Report to the BU management board/MB of NN Group**

- The FEC Compliance Officer/FEC Compliance Officer GSFs is responsible to report to the BU management board respectively to the MB of NN Group the level of adherence to the FEC Standard and recommendations of corrective measures to address identified weaknesses in the BU's/GSF's FEC framework, including weaknesses identified by supervisors or by internal or external auditors.

- a progress report of any significant remedial programs, containing a summary of the main findings and progress made;
- a description of any changes related to the method used by the BU to assess the individual customer risk profile, highlighting how such change is aligned to the BU business-wide FEC risk assessment;
- a summary of resources, policies and procedures, and important statistical data.

#### **6. Report risk assessment results**

The FEC Compliance Officer/FEC Compliance Officer GSFs must report, the results of the business-wide FEC risk assessment and a confirmation of whether it was required by the competent authority to be submitted for the reporting year to the BU management board respectively to the MB of NN Group. In addition, the FEC Compliance Officer/ FEC Compliance Officer GSFs has to propose to the BU management board respectively to the MB of NN Group the measures to further mitigate the FEC risks. The proposed measures must be implemented by the relevant first line process owners. In addition, Group Compliance must be informed about the results to be able to assess the group-wide FEC risk profile.

#### **7. Training and awareness**

The FEC Compliance Officer/FEC Compliance Officer GSFs has to inform all employees about the FEC risks to which the BU/GSF is exposed. This includes FEC methods, trends and typologies, as well as the risk-based approach implemented by the BU/GSF to mitigate these risks. This information may take various forms, such as company letters, the intranet and meetings.

The FEC Compliance Officer/ FEC Compliance Officer GSFs has to oversee the preparation, implementation, and effectiveness of an ongoing FEC training and awareness framework. In cooperation with the human resources department of the BU/GSFs, an annual plan of training and education of staff must be documented and be referred to in the FEC report.

In addition to general education, the FEC Compliance Officer/ FEC Compliance Officer GSFs has to assess the specific training needs within the BU/GSF and ensure that adequate theoretical and practical training is provided to the persons exposed to different level of FEC risks, such as:

- persons working in the compliance function under the responsibility of the FEC Compliance Officer;
- persons in contact with customers or tasked with carrying out their transactions (employees, agents and distributors);
- persons responsible for developing procedures or internal tools applicable to activities that may be sensitive to FEC risk.

The content of the specific training programs delivered to persons with different levels of exposure to FEC risks must be adjusted on a risk-sensitive basis.