

## **NN Group Standard on External Auditors Independence**

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## 1 Introduction

### 1.1 Objectives

This Standard is established to ensure the independence of NN Group's External Auditor (hereafter: Auditor), both in fact and in appearance. This Standard is owned by the Audit Committee, and is operationally monitored via the Head of Group Finance & Reporting and the Audit Independence Desk, as situated within Group Finance & Reporting. "Auditor" in this Standard relates to either the external audit firm or person(s) that are engaged on its behalf.

This Standard is supplementary to and should be interpreted in conjunction with the Charter of the Audit Committee.

The Auditor is not independent if he/she is not capable of exercising objective and impartial judgment on all issues encompassed within the Auditor's engagement. NN Group wants to avoid the Auditor to be in a position which:

- creates mutual or conflicting interests between the Auditor and NN Group;
- places the Auditor in position of auditing its own work;
- results in the Auditor acting as an NN Group manager and/or employee; and/or
- places the Auditor in the role of advocating NN Group.

The Auditor must assure that no direct or indirect financial, business or employment relationship exists which would cause that the Auditor's independence will be compromised. This includes having:

1. together with their close personal relations, any direct or material indirect financial interest in NN Group;
2. any direct or material indirect business relationship, other than as a consumer in the ordinary course of business, with NN Group or its directors, substantial shareholders or officers in a financial reporting oversight role, in each case, during the audit and professional engagement period.

The Auditor must assure that it complies with the external rules and/or the requirements from this Standard regarding auditor independence, and proactively inform NN Group on any issues and/or cases for discussion.

Appendix A includes the definitions used in this Standard.

### 1.2 Scope

This Standard is applicable to NN Group and all its affiliates. Even if an entity is not considered an affiliate, requirements of this policy still apply if:

- The Auditor is contracted to provide the service by an unaffiliated third party but NN Group has the ability to direct, or does in fact direct, the third party to engage the Auditor or the scope and terms of that engagement;
- NN Group indemnifies the Auditor for losses or damages to third parties that the Auditor may suffer as a result of the engagement; and/or
- NN Group directly or indirectly (for example, by reimbursing a third party) pays or guarantees any portion of the Auditor's fees.

Independence must be assessed both from a Group as well as affiliate perspective, with applicable materiality thresholds.

This Standard describes minimum requirements to ensure the independence of the Auditor. Dutch laws and regulations have been used as a basis. Local requirements should be applied in case they are stricter than the requirements as outlined in this Standard. In case local requirements are less strict, this Standard prevails. If this creates significant implications and/or burden, an exception request can be filed to the Audit Committee for approval (via the Audit Independence Desk).

The most important applicable laws and regulations are:

- Book 2, title 9, Dutch Civil Code<sup>1</sup>;
- Dutch Corporate Governance Code;
- EU Regulation 537/2014 dated 16 April 2014;
- Wet toezicht accountantsorganisaties (Wta);
- Dutch Audit Profession Act (Wet op het accountantsberoep (Wab));
- Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO), NBA (1 January 2020).

The Standard is evaluated on an annual basis and/or if significant changes arise resulting from the legislation mentioned above.

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<sup>1</sup> NN Group qualifies as an "OOB" according to Dutch law (Organisatie van Openbaar Belang, Public Interest Entity (PIE)).

## **2 Roles and Responsibilities**

### **2.1 Audit Committee**

The Audit Committee assists the Supervisory Board in fulfilling its oversight responsibilities regarding the external auditor's qualifications, performance and independence.

In accordance with its Charter, the Audit Committee makes recommendations to the Supervisory Board and the General Meeting of Shareholders regarding the appointment and remuneration of the Auditor of NN Group.

The Audit Committee shall annually conduct an evaluation of the functioning of the Auditor within NN Group and of the different capacities in which the Auditor acts, and share evaluation results with the Auditor.

This should at least cover:

- Auditor Independence
- Quality of the auditservices
- Audit budget

Next to that, the Audit Committee pre-approves audit and audit related services provided by the Auditor in order to ensure that such services do not impair the independence of the Auditor.

### **2.2 Auditor**

The Auditor shall maintain a quality control system compliant with the Dutch auditor independence rules, which ensures that the independence of the audit firm, its partners, all employees and associated entities participating in the engagement will not be impaired.

The Auditor must report quarterly to the Audit Committee on all aspects concerning independence, confirm its independence in writing and provide updates on the fees of all services provided. Furthermore, the Auditor must report yearly to the Audit Committee on its system of audit quality controls in general and on the audit quality control measures for the audit of NN Group in particular. In case of any independence issues, the Auditor must report these directly to the Audit Committee.

The Auditor must ensure that the audit firm will remain registered at the Autoriteit Financiële Markten (AFM). Any material changes in this registration will be reported immediately in writing to the Audit Committee.

### **3 (Re)Appointment, evaluation and rotation of the Auditor**

#### **3.1 (Re)Appointment, evaluation and rotation of the audit firm**

The General Meeting of Shareholders of NN Group (Algemene Vergadering van Aandeelhouders, hereafter: AVA<sup>2</sup>) appoints the Auditor. The Auditor can function in its role for a maximum period of ten financial years. The Audit Committee shall make recommendations to the Supervisory Board regarding the (re)appointment and remuneration of the Auditor of NN Group<sup>2</sup>. The Supervisory Board shall discuss such recommendations and will once every four years, or more often when appropriate, make recommendations to the AVA as to the (re-)appointment of the Auditor. After the audit firm has stepped down, a four-year time-out period applies.

Engagement letters between NN Group and the Auditor will contain an assignment for one year only.

#### **3.2 (Audit) Partner rotation**

NN Group requires the Auditor to pursue an audit partner and senior members rotation plan that is widely accepted and provides an appropriate balance between continuity (effectiveness, efficiency, audit quality and audit costs), independence and credibility. This plan needs to be in accordance with applicable domestic and international rules.

After providing audit services to NN Group for a maximum period of five financial years, the signing external audit partner shall be replaced by another partner of the audit firm. A three-year time-out period must be taken into account by the former external audit partner. The Audit Committee may recommend the Supervisory Board on the replacement.

Rotation for other audit partners, at least including those who have been involved in Engagement Quality Control Review and/or reporting of key related audit matters, is required after providing services to NN Group for a maximum period of seven financial years. This is followed by at least a three-year time-out period.

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<sup>2</sup> The AVA is authorised to appoint the Auditors. If it fails to do so, the Supervisory Board is authorised to appoint the Auditors, failing which that responsibility shall fall to the Executive Board.

## **4 Pre-approval and monitoring of services**

### **4.1 Pre-approval of services**

The Audit Committee is required to (pre-)approve engagements for audit, audit related and any other services of the Auditor to NN Group in order to assure that the performance of such services would not impair the Auditors' independence from NN Group. The Audit Committee assesses whether the services have no direct or material impact on the financial reporting, comply with the overall principles of independence, and considers whether the services are consistent with all applicable laws and regulations, including the rules on Auditors' independence.

Appendices B and C to this Standard describe the audit and audit related services that have been generally pre-approved by the Audit Committee. Every service needs to be submitted to the Audit Independence Desk for validation against the pre-approved services list. In case of doubt, the Head of Group Finance & Reporting will consult with the Chair of the Audit Committee. Any other service than listed in Appendices B and C needs to be individually pre-approved by the Chair of the Audit Committee.

The Auditor cannot engage in any engagement with NN Group unless an overall budget comprising all various types of services has been approved by the Audit Committee.

### **4.2 Prohibited services**

Services listed in Appendix D are prohibited and cannot be engaged by the Auditor.

### **4.3 Monitoring of services and fees billed**

The Auditor and Group Finance & Reporting will provide on a quarterly basis the Audit Committee with a full overview of all services provided to NN Group, including related fees and supported by sufficiently detailed information. This overview will be evaluated and approved by the Audit Committee.

The billing arrangements for services provided by the Auditor should not include any contingent fees (e.g. where a fee is based upon commercial targets of NN Group, such as the value of assets under management).

Throughout the year, the Auditor and the Audit Independence Desk will monitor the realisation of the pre-approved budgeted amounts. Unused amounts in any pre-approved budgets will not be carried forward to the next financial year. Increases to the approved budgeted amounts will be reported to the Audit Committee for approval.

### **4.4 Fee cap for audit related and non-audit services**

Fees for permissible audit related and non-audit services should not exceed 70% of the average statutory audit fees paid on average by NN Group and the public interest entities (PIE) in Europe within NN Group in the last three consecutive financial years. The cap is introduced per January 1, 2017, concerns a rolling three-year average, and is first calculated on January 1, 2020. The Audit Independence Desk will monitor and report on this cap to the Audit Committee.

### **4.5 Disclosure of fees**

NN Group must disclose the fees incurred for professional services provided by the Auditor for the most recent two financial years. In this disclosure, the total fee of the Auditor is broken down into: Audit fees, Audit related fees and All other non-audit fees. This disclosure is included in the Annual Report.

## **5 Hiring arrangements**

NN Group and the Auditor agree on a restricted hiring policy. NN Group will not hire, in a financial reporting oversight role, a former member of the NN Group external audit engagement team until two years have elapsed from the time that the person was a member of the NN Group external audit engagement team. The Auditor will not hire any director, officer or employee of NN Group for involvement in the NN Group external audit within two years after termination of their employment agreement with NN Group.



## Appendix A Definitions

### **Affiliate**

An affiliate is an entity that is either a Subsidiary or an Associate of NN Group.

### **Associate<sup>3</sup>**

An associate is defined as an entity over which NN Group has significant influence (20-50% of shares and/or voting rights), or is presumed to have so either through ownership, management, contract or otherwise. The associate is in scope of this Standard if it is of material interest to NN Group or its subsidiaries. "Material interest" is defined as more than 10% of the related total assets and/or profit before tax from continuing operations of NN Group or its subsidiaries.

### **Audit and professional engagement period**

The "audit and professional engagement period" includes both (1) the period covered by any financial statements being audited or reviewed (the "audit period") and (2) the period of the engagement to audit or review NN Group's financial statements (the "professional engagement period"). The professional engagement period begins when the Auditor either signs an initial engagement letter (or other agreement to review or audit a client's financial statements) or begins audit, review, or attest procedures, whichever is earlier. The professional engagement period ends after termination of the contract and finalisation of the last statutory and legal audit requirements have been fulfilled.

### **Close financial relationship**

Close financial relations is defined as: A close personal relation:

- a. That is financially dependent of the professional or with whom the professional has a joint household;
- b. To which the financial position of the professional directly or indirectly is related;
- c. For which the professional has financial control or to which he provides financial advice

### **Close personal relationship**

An immediate family member with whom there is close social contact

### **Subsidiary<sup>3</sup>**

A subsidiary is defined as an entity over which NN Group, directly or indirectly, has control (> 50% of shares and/or voting rights), or is presumed to have so either through ownership, management, contract or otherwise.

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<sup>3</sup>The definitions of a "Subsidiary" and an "Associate" are aligned with IFRS definitions.

## Appendix B Pre-approved audit services

The following services may only be considered as pre-approved audit (related) services when:

1. they concern:
    - a. Engagements for auditing historical financial information;
    - b. Engagements for reviewing historical financial information;
    - c. Assurance engagements other than auditing or reviewing historical financial information; or
    - d. Engagements for conducting agreed upon procedures concerning financial information;
- and
2. the services are rendered for the benefit of external users or the Supervisory Board.

Category	Services
<b>B1a</b>	Statutory audit services required by law (Annual audit of the company-only and/or consolidated financial statements of NN Group)
<b>B1b</b>	Statutory audit services not required by law
<b>B2a</b>	Audits for Solvency II NN Group N.V
<b>B2b</b>	Audits for supervisory purposes (such as Solvency II or equivalent) of NN Group NL entities
<b>B2c</b>	Audits for supervisory purposes (such as Solvency II or equivalent) of for European entities
<b>B2d</b>	Other mandatory audit services for regulatory and supervisory purposes
<b>B3a</b>	Review of interim financial information required by law
<b>B3b</b>	Review of interim financial information not required by law
<b>B4a</b>	Reviews/ audits performed relied upon the audit of the financial statements required by law(i.e. review controls personnel benefits plan, actuarial reports)
<b>B4b</b>	Reviews/audits performed relied upon the audit of the financial statements not required by law
<b>B5</b>	Audit/ review tax services rendered in connection with the audit of the financial statements if those services are required by law to be performed by the statutory auditor
<b>B6a</b>	Comfort letters and other agreed-upon procedures for offering circulars, prospectuses and registration statements in connection with securities offerings required by law
<b>B6b</b>	Comfort letters and other agreed-upon procedures for offering circulars, prospectuses and registration statements in connection with securities offerings not required by law
<b>B7</b>	Other assurance engagement of company's other information.

## Appendix C Pre-approved audit related services

The following services may only be considered as pre-approved audit related services when:

1. they concern:
  - a. Engagements for auditing historical financial information;
  - b. Engagements for reviewing historical financial information;
  - c. Assurance engagements other than auditing or reviewing historical financial information; or
  - d. Engagements for conducting agreed upon procedures concerning financial information;
- and
2. the services are rendered for the benefit of external users or the Supervisory Board.

Category	Services
<b>C1</b>	Audit on completion accounts (for disposal/liquidations) or merger accounts;
<b>C2</b>	Audits of acquired businesses (opening balance sheet audits);
<b>C3</b>	Audit of carve-out financial statements;
<b>C4a</b>	Third party assurance, internal control evaluations (e.g. ISAE 3402/SSAE16 or equivalent audits) required by law
<b>C4b</b>	Third party assurance, internal control evaluations (e.g. ISAE 3402/SSAE16 or equivalent audits) not required by law; and
<b>C5</b>	Agreed-upon or expanded audit procedures related to accounting records and procedures required to respond to or comply with financial, accounting or regulatory reporting matters (e.g. Solvency II).

## Appendix D Prohibited services

Category	Services
<b>D1</b>	Bookkeeping or other services related to the accounting records or financial statements of NN Group;
<b>D2</b>	<p>Designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial IT systems:</p> <ol style="list-style-type: none"> <li>operating or supervising the operation of NN Group's IT system or managing NN Group's local area network; or</li> <li>designing or implementing any hardware or software system that aggregates source data underlying the financial statements or generates information that is significant to the financial statements or other financial information systems taken as a whole;</li> </ol>
<b>D3</b>	Appraisal or valuation services, including valuations performed in connection with actuarial services, fairness opinions, and contribution-in-kind reports, including collateral valuations for financing arrangements where the Auditor is engaged by NN Group to value (or update valuations) supporting an existing or potential lending arrangement where NN Group is acting either in lender or borrower capacity;
<b>D4</b>	Actuarial services involving the determination of amounts recorded in the financial statements and related accounts (other than assisting NN Group in understanding the methods, models, assumptions and inputs used in computing an amount);
<b>D5</b>	Internal audit outsourcing services (e.g. relating to the internal accounting controls, financial systems or financial statements for NN Group);
<b>D6</b>	Management functions, including acting, temporarily or permanently, as a director, officer or employee of NN Group, or performing any decision-making, supervisory or ongoing monitoring function for NN Group;
<b>D7</b>	<p>Human resource services, including:</p> <ol style="list-style-type: none"> <li>searching for or seeking out prospective candidates for managerial, executive or director positions;</li> <li>engaging in psychological testing or other formal testing or evaluation programs;</li> <li>undertaking reference checks of prospective candidates for an executive or director position;</li> <li>acting as a negotiator on NN Group's behalf, such as determining position, status or title, compensation, fringe benefits or other conditions of employment; or</li> <li>recommending or advising NN Group to hire a specific candidate for a specific job, except that the Auditor may, upon request by NN Group, interview candidates and advise NN Group on the candidate's competence for financial accounting, administrative or control positions;</li> <li>structuring the organization design; and</li> <li>cost control;</li> </ol>
<b>D8</b>	<p>Broker-dealer, investment adviser or investment banking services, including:</p> <ol style="list-style-type: none"> <li>acting as a broker-dealer (registered or unregistered), promoter, or underwriter, on behalf of NN Group;</li> <li>making investment decisions on behalf of NN Group or otherwise having discretionary authority over NN Group's investments;</li> <li>executing a transaction to buy or sell NN Group's investment; or</li> <li>having custody of assets of NN Group, such as taking temporary possession of securities purchased by NN Group;</li> <li>committing the audit client to the terms of a transaction;</li> <li>consummating a transaction on behalf of an audit client;</li> <li>negotiating on behalf of an audit client; and</li> <li>acting as agent or intermediary for an audit client;</li> </ol>

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Category	Services
<b>D9</b>	<p>Tax services, including:</p> <ol style="list-style-type: none"> <li>1. potentially abusive tax transactions i.e. any non-audit service to NN Group related to marketing, planning or opining in favour of:               <ol style="list-style-type: none"> <li>a. any transaction that is required to be disclosed to tax authorities under provisions of local law;</li> <li>b. a “confidential transaction” or a transaction that is offered to a taxpayer under conditions of confidentiality and for which the taxpayer has paid an advisor a fee; or</li> <li>c. an “aggressive tax position” or a transaction that was initially recommended, directly or indirectly, by the Auditor, a significant purpose of which is tax avoidance, unless the proposed tax treatment is at least more likely than not to be allowable under applicable tax laws.</li> </ol> </li> <li>2. services to individuals in a financial reporting oversight role, or an immediate family member of these individuals, unless such person:               <ol style="list-style-type: none"> <li>a. is in such role solely because he serves as a member on the Supervisory Board, provided he is not a member of the Audit Committee;</li> <li>b. is in such role solely because of such person’s relationship to an affiliate of NN Group N.V. whose financial statements are not material to NN Group N.V.’s consolidated financial statements or are audited by another unaffiliated auditor; or</li> <li>c. was not in such role before a hiring, promotion or other change in employment event, and the tax services are provided pursuant to an engagement in process before such hiring, pro- motion or other change, and completed on or before 180 days thereafter.</li> </ol> </li> <li>3. representing NN Group before a tax court, district court or federal court; or</li> <li>4. tax services for expatriates;</li> </ol>
<b>D10</b>	Legal services, including services that, under circumstances in which the service is provided, could be provided only by someone licensed, admitted or otherwise qualified to practice law in the jurisdiction in which the service is provided;
<b>D11</b>	Expert services unrelated to the audit, including providing an expert opinion or other expert service for NN Group or for NN Group’s legal representative, for the purpose of advocating NN Group’s interests in litigation or in a regulatory or administrative proceeding or investigation (other than providing factual accounts, including testimony, of work performed or explaining the position taken or conclusions reached during the performance of any service performed for NN Group);
<b>D12</b>	Forensic services;
<b>D13</b>	Business risk consulting, including presenting business risk considerations to the board or others on behalf of the management;
<b>D14</b>	<p>Financial Reporting Risk implementation services, including:</p> <ol style="list-style-type: none"> <li>1. project management office assistance;</li> <li>2. performing tests of controls on behalf of NN Group; or</li> <li>3. expressing any opinion on behalf of NN Group on the effectiveness of internal control over financial reporting;</li> </ol>
<b>D15</b>	Compliance related services;
<b>D16</b>	Services relating to commercial activities of NN Group, in which decision-making by business management is (highly) dependent on the output of the external Auditor;
<b>D17</b>	Translation services (from Dutch into English and vice versa or from and into any other relevant language);
<b>D18</b>	Training, education and knowledge sharing specifically to employees of NN Group or its subsidiaries in the areas of accounting & valuation, actuarial, risk management or internal audit methodology, other than required in the ordinary course of business for execution of audit activities; and
<b>D19</b>	Any other service that by applicable laws or regulations is impermissible.