

# Remuneration Policy Supervisory Board of NN Group N.V.

The Remuneration Policy Supervisory Board of NN Group N.V. has been adopted by the General Meeting of NN Group N.V. on 28 May 2020 and is effective as from 1 January 2020.



## A. Introduction

This document contains the remuneration policy for the members of the Supervisory Board (SB) of NN Group N.V. (NN Group). The primary objective of this SB Remuneration Policy is to attract and retain highly qualified SB members via a transparent and market-based pay practice. A highly skilled SB is able to perform its statutory duties of supervising the management performed by the Executive Board (EB) of NN Group and the general course of affairs of NN Group and its business, and assisting the EB with advice, taking into account the interests of all stakeholders. The remuneration of the SB members promotes an adequate performance of their role.

This Remuneration Policy contributes to the NN Group strategy, the long-term interest of the company, the sustainability of the company and takes into account the identity, mission and values of NN Group. Key in this respect is NN Group's focus on long-term value creation over short-term gains. By doing so, NN Group creates value for its stakeholders: customers, employees, shareholders, business partners and society at large. Feedback from various stakeholders is taken into account in the design of this policy. A summary of the amendments compared to the previous remuneration scheme is included in appendix 1.

Following market-based pay, this Remuneration Policy enables NN Group, a company operating in an international context, to attract and retain qualified SB members with an international focus and the required experience, knowledge and skills. In this respect NN Group aims for an SB remuneration level that is below market median level for comparable positions in relevant markets. This follows from the need to have prudent pay practices in place given NN Groups strategy and position in society and the need to attract and retain highly qualified SB members. This further aligns with the pay practices that NN Group applies to its employees. NN Group employees are remunerated in line with their responsibilities, based on job grading, seniority and relevant benchmarks. For the different groups of employees and different geographies, NN Group aims to set total direct compensation levels in general around market median level.

In designing the policy the following guiding principles were used:

- Simple and transparent
- Aimed at attracting and retaining highly qualified SB members

Section B of this policy explains the governance. Section C subsequently describes the policy details.

## B. Governance

### 1. Role of the Supervisory Board, General Meeting, Central Works Council

- a. The SB Remuneration Policy is adopted by the General Meeting of NN Group (General Meeting) upon a proposal of the SB. The SB is assisted by the Remuneration Committee of the SB.
- b. The SB evaluates this policy periodically.
- c. The SB Remuneration Policy will be submitted to the General Meeting for adoption at least once every four years and in case of amendments to the policy.
- d. Prior to submitting a proposal to adopt (amendments to) the SB Remuneration Policy to the General Meeting, the Central Works Council of NN Group (Central Works Council) will in line with Dutch law, be given the opportunity to give advice on such proposal. The advice of the Central Works Council shall be presented to the General Meeting at the same time as the proposal to adopt the Remuneration Policy. If the advice of the Central Works Council is not or not fully followed by the SB, a written substantiation for deviating from the advice shall also be provided to the General Meeting.
- e. In designing and evaluating the SB remuneration policy and in the event of amendments, the SB takes notice of the opinion and interests of various stakeholders via meetings and other channels. Stakeholders include customers, employees, shareholders, regulators and society at large. The SB takes into account the input from the various stakeholders to the best of its abilities.

## C. Policy details

### 2. Tenure

SB members are appointed by the General Meeting in accordance with the articles of association of NN Group and Dutch law. SB members are in principle appointed for a term of four years and can be reappointed once for a term of four years. An SB member can subsequently be reappointed again for a period of two years, which appointment can be extended by at most two years. There is no written contract between NN Group and an SB member in addition to this SB policy.

### 3. Remuneration

- a. Remuneration is set at an appropriate level to attract and retain highly qualified SB members with the required international experience, knowledge, skills and focus.
- b. Remuneration is set taking into account the position an SB member fulfils within the SB or a committee of the SB ('Committee') and the corresponding level of responsibility, the time spent and fees at other companies of a similar size and scope (also see 3f and 3g)
- c. Remuneration consists of fixed annual fees for the SB membership and membership of a Committee, each such fee referred to as "Fixed Annual Fee". The Fixed Annual Fee for the SB and its Committees is stated in the table below.

Position in SB	Fixed Annual Fee (EUR)*
Chair	110.000
Vice-Chair	72.500
Member	65.000

Position in Committee	Fixed Annual Fee (EUR)*
Chair Committee	17.000
Member Committee	13.500

\* amounts excluding VAT

- d. The SB Remuneration Policy aims for a Fixed Annual Fee level that is below market median level for comparable positions in relevant markets.
- e. To determine the market median level for comparable roles, an external benchmark reflecting market data is used.
- f. For the benchmark of SB remuneration a cross-industry peer group from different relevant geographies in Europe is used to reflect the international context in which NN Group operates. This is the same peer group as used for benchmarking the EB remuneration levels.
- g. Companies are selected in this peer group based on comparability with NN Group in terms of size, scope as well as international footprint. This will be determined based on a mix of elements such as average market capitalisation, revenues, number of employees (FTEs) and total assets. In terms of size and scope, NN Group is positioned around median in this peer group. For every new benchmark analysis the companies in the peer group are selected based on a number of relevant elements including but not limited to those mentioned above.
- h. The companies selected in the peer group will be disclosed on an annual basis in the remuneration report.
- i. In principle, the benchmark analysis will be executed every two years. In case of a substantial change in size and scope of NN Group, the SB may decide to perform an interim benchmark analysis.

### 4. Fixed annual expense allowance

All SB members are entitled to a fixed annual expense allowance of gross EUR 9.000. This fixed expense allowance is meant to cover out-of-pocket expenses regarding their activities as SB member and member of the Committees, except for travel and lodging costs. Other expenses in relation to SB meetings/ Committee meetings will not be reimbursed separately.

### 5. Travel and lodging costs

NN Group will reimburse travelling and lodging costs in relation to meetings of the SB.

### 6. Banking and insurance services

NN Group and its subsidiaries may grant personal loans or provide guarantees or the like to SB members only (i) within the framework of their usual business operations, (ii) on conditions which apply to all employees in the Netherlands, (iii) with due observance of the applicable NN Group policies; and (iv) after the approval of the SB.

Loans that already exist upon appointment as an SB member however, may be continued. Loans to SB members shall not be waived (*kwijtgesholden*). Subsidiaries may in the normal course of their business and on terms that are customary in the sector, provide other banking and insurance services to SB members, without approval of the SB. These services may include services in which the granting of credit is of a subordinated nature, such as credit cards and overdrafts in current accounts.

### 7. No other benefits

Given the nature of the responsibilities of the SB, the remuneration is not tied to the performance of the company and therefore includes fixed compensation only. NN Group does not award variable remuneration, shares, options, pension scheme benefits or any other benefits or allowances to the members of the SB.

## Appendix 1

### Stakeholder feedback

NN Group has had various interactions with stakeholders to obtain feedback about the SB Remuneration Policy and the intended amendments to the previous remuneration scheme. These interactions took place via calls, face to face meetings and panel discussions. Stakeholders involved were for example shareholders, proxy advisors, shareholder lobbying groups, employees, regulators, and customers/public via panel discussions. The SB members were also invited to give their views on the Remuneration Policy.

From the feedback of all the stakeholders it follows that Executive and Non-Executive remuneration continues to be a subject of high interest amongst many different stakeholders and stakeholder interests are not always aligned. Therefore, the SB has sought a careful balance in taking into account all feedback, views and interests of the various stakeholders in the design of the SB Remuneration Policy.

### Changes compared to the previous SB remuneration scheme

After reviewing the SB Remuneration scheme that was adopted in 2017 and taking into account the stakeholder feedback, the SB has proposed the following amendments to be made.

To enhance simplicity and transparency:

- The fee structure for the various SB positions was amended:
  - Fees for additional meetings have been abolished.
  - International attendance fees have been abolished.
  - Differentiation in fees for the various Committees has been abolished.
- Differentiation in the gross fixed expense allowance amount was abolished; as a result all SB members receive the same amount regardless of their positions within the SB.
- Instead of using two peer groups (Dutch cross Industry and Dutch Financial Industry) now one cross-industry peer group from different relevant geographies in Europe is used. This is the same peer group as used for benchmarking the EB remuneration levels. The companies selected in this peer group will be disclosed on an annual basis in the remuneration report.




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