



# Compliance Function Charter

## Charter

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# 1. Introduction

## 1.1 Introduction

Risk management is a fundamental part of the insurance, banking and investment management 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 nine 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 document provides the charter pursuant to which NN Group allocates responsibilities regarding risks 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 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 (Corporate Staff Departments or “**CSD**”) roles and responsibilities
- Regulatory Change Committee Charter.

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



## 1.2

### Scope

Taking into account relevant laws and regulations and the characteristics and available expertise of the Compliance Function, the Management Board has tasked the Compliance Function with monitoring compliance with material 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: risks related to acquisitions, divestments, ecosystems, platforms and innovation;
- (ii) Sound business Conduct: Terrorist financing, Money Laundering and Sanctions Risk, Sharing / disclosing Inside Information Risk, Corruption & Bribery risk, Market abuse risk / Unfair competition risk, excluding Tax evasion risk, Internal Fraud Risk and Environmental, Social and Governance risks;
- (iii) Employee Conduct & Business Culture: Organisational conflicts of Interest risk, Personal conflicts of Interest risk and Risk of dealing with confidential information: excluding Employee relations risk and Improper interaction risk;
- (iv) Customer Suitability: 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 ensuring advice to the MB and SB on Solvency 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.

Finally, the Compliance Function is tasked with developing and maintaining a framework for ensuring compliance with material laws and regulations (other than Solvency II) 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, NN 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.

## 1.3

### Target Audience

SB NN Group,  
MB NN Group,  
BU Management Boards,  
Heads of CSDs,  
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.

We engage with our customers to meet their real needs and to offer solutions that create long-term value.

We use our digital capabilities and leverage our strong distribution footprint to further enhance our customer experience.

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

We excel in developing and providing attractive products and services, and operate with efficiency, agility and speed. To continue to do so, we will make use of digital and data capabilities.

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

We nurture a culture aligned with our purpose, values and ambitions, which supports continuous learning, collaboration, and diversity of thinking.

We consider all colleagues to be talents and invest in an inclusive and inspiring environment so we are together best equipped to take our business into the future.

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

We maintain a strong balance sheet and create solid financial returns for shareholders by using our financial strength, scale and international footprint, and by efficiently managing our customers' assets and our own insurance portfolios.

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

We do business with the future in mind and contribute to a world where people can thrive for many generations to come.

Effective management of risks in scope of the Compliance Function helps 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 protect 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:** The CEO of NN Group and the CEOs of business units ("BU"), as well as their management teams, that collectively make business decisions, with primary accountability



for, amongst others things, sales, operations, investments, financial performance and management of risks within the set risk appetite, affecting their businesses.

- **Second line of defence:** Independent support and oversight functions in relation to the management of Emerging Risks, Strategic Risks, Market Risks, Counterparty Default Risks, Non-Market Risks, and Non-Financial Risks (as defined in the Risk Taxonomy).

These functions:

- develop the policies, standards, guidance and charters for their specific risk and control area in line with the relevant risk appetite;
  - 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 proper risk management which includes balanced decision-making on proper risk-return trade-offs;
  - have escalation power in relation to business activities that are assessed to present unacceptable risks to NN (e.g. are outside NN's risk appetite); and
  - cooperate closely with each other and keep close contact with Corporate Audit Services.
- **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. CAS assesses 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, CEO NN Investment Partners, Chief Risk Officer (“**CRO**”), General Counsel and Chief Organisation & Corporate Relations (“**COCR**”).

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 resources to adequately and effectively perform its tasks;
- 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.

The EB is responsible for the first line of defence activities and activities related to risks in scope of the Compliance Function of the Head Office support functions directly reporting to them<sup>1</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, CEO International Insurance and CEO NN Investment Partners (“**Business CEOs**”) for their respective area of responsibility.
- (ii) Day-to-day execution of and responsibility for the first line of defence activities of the Head Office support functions, and other activities of the CRO and COCR related to risks in scope of the Compliance Function to the CRO and COCR.
- (iii) Day-to-day execution of and responsibility for (a) the first line of defence activities of the Corporate Legal and Corporate Compliance function related to risks in scope of the Compliance Function, and (b) the activities of the Compliance Function as the second line of defence to the General Counsel.

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

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<sup>1</sup> CEO direct responsible for: CAS, Investment Office, Group Strategy, Insurance International.  
CFO direct responsible for: CFO



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

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

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 COCR, 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 their Senior Management.

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

Senior Management is responsible for sound management of risks in scope of the Compliance Function by the first line of defence in their respective areas of responsibility. This means that managers are responsible for 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 their controls, and taking stock of risk levels. Also, management can design and monitor Key Risk Indicators, and acts when a KRI (b) reaches a threshold.

All employees have to take responsibility for 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**

The EB has attributed 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 (including delivering under the Compliance Function Charter). The General Counsel has, in turn, delegated day-to-day responsibility for managing the Compliance Function to the Chief Compliance Officer ("CCO"). 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.



## 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 for NN Group'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 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 Compliance Function** both at Head Office ("Corporate Compliance") as well as at BU level which can deliver pursuant to the requirements set forth in the Compliance Charter.

As such the CCO, supported by the MB, 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; and
  - d. the right and duty to escalate significant compliance issues affecting NN Group to the CEO and/or the Chairman of the SB, at its discretion and with due observance of the responsibilities of the BUs.
- 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. Ensures advice to 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 [in development].
  - b. develops and maintains a list of material laws and regulations for NN Group other than Solvency II, and coordinates the establishment of a framework and/or a governance on the basis of which a level of comfort on adherence to these laws and regulations can be obtained and maintained [in development].
  - c. ensures adequate reporting to the MB by the Compliance Function or where appropriate by other CSDs 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, the right and duty to intervene in the compliance operations of BUs 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
  - e. manages risks in scope of the Compliance Function related communications, training strategies and initiatives and ensures support to Head Office departments and the BU as required.
- v. Is responsible for **preparing the Corporate Compliance Long Term Forecast (“LTF”) 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.
- vii. **Reports on risks in scope of the Compliance Function and in that regard:**
  - a. will report its opinion to the MB - in conjunction with other (non-financial) risk functions - on significant risks relevant to NN and advises on handling the matter appropriately;
  - b. will have quarterly meetings with the Chairman of the Risk Committee of the SB in which issues as well as business related developments will be discussed. The CCO will also annually report to the Risk Committee on risks in scope of the Compliance Function and the Operational plan for the upcoming year.
- viii. **Advises** the MB and senior Management on risks in scope of the Compliance Function with regard to:
  - a. Policies and Standards;
  - b. issues and supports them in managing and mitigating issues; and
  - c. (strategic) projects of NN (e.g. acquisitions, divestments, ecosystems, platforms and innovation).
- ix. 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.



- x. Is responsible for initiating and performing **Reviews** of risks in scope of the Compliance Function and agrees 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 CSD. 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.
- xi. Maintains an **ongoing relationship with the regulators of NN Group**.
- xii. **Keeps abreast of regulatory and industry trends in scope of the Compliance Function** and advises relevant stakeholders and the Compliance Function.
- xiii. Operates in **close contact with the other key functions**, i.e. (i) CAS, (ii) the Risk Management functions; (iii) the Actuarial function, as well as (iv) other relevant CSDs.

The CCO may delegate execution of its tasks and responsibilities to members of the Corporate 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

### Responsibilities of Corporate Compliance

#### 4.2.1 Responsibilities in general

Corporate Compliance supports the CCO in the execution of the CCO's duties and responsibilities pursuant to this Charter. Corporate 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 Financial Economic Crime Policy;
    - o Gift, Events and Business meals Policy and GEM Standard for Head Office;
    - 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 CSDs and NN BUs regarding Personal Account Dealing<sup>2</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, as well as acting as expert centre to ensure that NN's approach to manage risks in scope of the Compliance Function is robust.

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<sup>2</sup> The shared service for Personal Account Dealing is provided to persons in scope of the PTS.



- (v) Providing an expert opinion on risks in scope of the Compliance Function reporting to the MB, as well as the (Risk Committee of the) Supervisory Board of NN Group together with the Legal and Risk Management function.
- (vi) Solid understanding of and support to BUs and CSDs 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 local compliance functions and CSDs.
- (viii) Reviewing and approving the PARPs in line with the Product Policy.
- (ix) Periodically review the maturity of the BUs including the maturity of the local Compliance function and CSDs regarding managing risks in scope of the Compliance Function and take appropriate action (if required).

#### **4.2.2. Responsibilities towards Corporate Staff Departments specific**

The Corporate Compliance Function appoints the compliance officers for the CSDs. The Compliance Officer for the CSD:

- (i) **Reports into the Corporate Compliance Function.**
- (ii) **Supports the Head of the CSD to execute the Compliance operational year plan** as developed by Corporate Compliance based on the strategy and specifics of the CSD and in alignment with the operational plan of other control functions (if any).
- (iii) **Support the Head of the CSD 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 CSD;
  - 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, local CSD 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 CSD (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 local 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 Compliance Function in the BUs

### 5.1 Responsibilities of the BU Head of Compliance

Each BU will appoint a Head of Compliance, or a Head of Legal & Compliance as the case may require (in accordance with NN's operating model as set forth in the NN Group Governance Manual), reporting hierarchically directly to the local CEO or to the local Head of Legal & Compliance in case appointed, and has a functional line (directly or indirectly) to the CCO of NN Group.<sup>3</sup>

If local level management has legitimate reasons to deviate from this governance model and would like to change the hierarchical reporting line of the local Head of Compliance to another member of the local management team or local board, prior approval must be obtained from the CCO after consultation with the General Counsel. For BUs that are reporting into another BU pursuant to NN Group's governance structure, the Head of Compliance of the former BU reports into the Head of Compliance of the latter BU.

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.;
  - c. sufficient independence from the commercial activities in order to be able to perform its duties objectively; and
  - d. the right and duty to escalate significant compliance issues affecting NN to the CCO of NN Group (and other local boards to the extent required by local law).
  
- (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 Corporate Compliance;
  - b. documentation in writing in which additional local responsibilities and requirements are described that fall within the scope of Compliance (besides those already formulated in this Charter);

<sup>3</sup> See 4.1.v: appointment of key function holder.



- 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.
- (iv) **Advises, both proactive and on request**, the local management board and senior management on risks in scope of the Compliance Function:
  - a. Policies and Standards (including combined Policies and Standards<sup>4</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 local 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 local 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 material 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 Management Function and the Actuarial function, as well as other staff functions.
- (xi) **Consults with Corporate Compliance** in case
  - d. Local business initiatives are anticipated with a material impact on NN's risk profile;
  - e. significant weaknesses in the local ECF framework are identified;

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<sup>4</sup> E.g. the Product Policy.



- f. significant local delays in group-wide risk activities and/or initiatives are expected;
- g. emerging risks, or risks that are gradually materialising, are identified; and
- h. significant (potential) compliance incidents are identified or whistleblower cases are reported.

Regular interaction between Head Office 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.

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

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

Each 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.

## **5.3 Escalation**

The Head of Compliance of a BU has the right to oppose any (business) proposal in their respective BU. In case of dispute between the local Head of Compliance and the first line, the local 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 Chairman of the NN Supervisory Board.