

# Arrangements with asset manager

This document contains our disclosure as requested by section 5:87d of the Dutch Financial Supervision Act (Wet op het financieel toezicht). The scope of this disclosure is the proprietary equity portfolio managed on behalf of NN's own assets.

According to NN's investment strategy, the relevant companies within the NN group manage their investment portfolios within a framework of investment-related policies and standards which reflect their risk appetite to make sure all risk-related items are taken into account.

Within NN, the liability-driven portfolios are not managed on a total return basis as NN is convinced that no benchmark can reflect the liability cash flows and the different investment constraints linked to it. Therefore liability-driven portfolios are managed on a cash flow basis. For portfolios not backing liabilities, an asset-driven approach can be followed with more focus on total returns.

Within the overall investment process, NN takes Environmental, Social and Governance (ESG) factors into account when making investment-related decisions as NN is convinced that this creates long-term value not only for NN as a company but also for society as a whole.

NN has delegated the management of equity investments to the in-house asset manager NN Investment Partners (NN IP) through asset management agreements. According to these agreements, NN IP manages the investments in line with NN's investment strategy.

In line with the mandate agreements, NN IP manages the equity portfolio of NN to meet its long-term investment objective of optimizing economic returns. In doing so, NN IP is obliged to invest according to the [Responsible Investment Framework policy](#), which addresses the consideration of ESG factors in the investment-decision making and active ownership activities (voting and engagement).

On an periodic basis, NN assesses the investment results of the NN IP managed portfolios applying predetermined evaluation criteria. The management fees in relation to managed equity portfolios are fixed-fee arrangements.

As capital preservation is important, a disciplined and conservative value approach is used. The long-term investment horizon implies relatively low turnover and transaction costs. As sizeable stakes in companies are owned, the aim is to be a long-term shareholder and a value-added, engaged partner.

NN IP provides information on portfolio turnover to NN on a regular basis, which enables NN to monitor trade-related costs and detect unusual trade activity.

The arrangements regarding the duration are covered in the asset management agreements between NN and NN IP. Typically the period is indefinite, subject to a notice of termination by NN or NN IP.

## More information

For more information on shareholder voting and engagement, please refer to the following website: <https://www.nn-group.com/In-society/Responsible-investment/Proprietary-assets.htm>

