



Our approach to **Product Approval**

Based on the Product Approval Policy, version 5.0

approved by the Board of Directors on December 10th 2024



INTRODUCTION

The Product Approval Process is the process by which the management of a company approves the launch of a new product, based on the approval of all key bodies involved from the development until the commercialisation of the new product. It is vital therefore that all companies across the group have a clear product approval process in place together with a strong governance including an escalation process.

The aim of the Product Approval Policy is to ensure that all Ageas companies have a clear and strong product approval and follow up process, that a number of key elements are always considered before a product is launched, that guidelines/limits for these elements are clear and an escalation process exists where products outside of these guidelines are considered for launch. The policy sets out the principles and the framework in which each company needs to operate when launching a new product.

SCOPE

This policy applies to ageas SA/NV and its Subsidiaries.

For the Subsidiaries, should compliance with this Policy result in non-compliance with local legislation or regulations, the latter must take precedence. The Group Policy owner must be informed and consulted immediately in such circumstances.

For the Affiliates it is recognised that the requirements of the local law, the local regulator and the majority shareholder's policy apply. However, Ageas will advise similar principles with reasonable effort.

PRODUCT APPROVAL PRINCIPLES

The Product Approval Policy sets out the high-level principles that are to be followed

- The Product Approval Process follows the proportionality principle: not every product change or new product will entail the same level of complexity, involvement of other stakeholders, or risks. The product approval process should therefore be proportionate and appropriate to the nature of the insurance product. The local Actuarial Function is always made aware of the initiation of a Product Approval Process, regardless of its level of complexity, for it to assess that the Product Approval Process was indeed proportionate.
- A product log file is put in place to list out all changes to existing products and new products to be launched. This log file allows final decision-making bodies, as well as second line control functions (Actuarial Function, Risk, Compliance), to gain an understanding and overview of the new products being developed.
- The product approval process followed by the company must be documented, so that it is auditable and traceable. The documentation of the process as the approval by all relevant departments and committees is encapsulated in the Product Approval Pack. This documentation pack is prepared prior to submission to the relevant governance body (e.g. local product approval committee) to ensure all key elements have been considered.
- Products are designed to fit the business strategy and to respect the company's risk appetite. The risks and the profitability generated by the new product are assessed both in normal and stressed situations. The latter considers the sensitivity to key assumptions, as well as scenario based testing.
- The company must set up and document a pricing manual that could include different guidelines for different product categories. All new products must be covered. This document defines the different metrics and indicators as limits to be considered to test the profitability of the product.

- The company must test its insurance products appropriately. This product testing includes an assessment as to whether the insurance product over its lifetime meets the identified objective. Adequate and sufficient testing must be conducted to determine if the product offers value for money regarding the target market. It also includes sustainability-related objectives and characteristics and understanding of the customers belonging to the target market, as detailed in the next sections. Lastly, a significant change in product or target market de facto triggers the testing.
- Sustainability factors, meaning environmental, social and governance (ESG)¹ matters, are considered throughout the product approval process from design to pricing and marketing. Both the positive contributions as well as the negative impacts or potential risks are clearly documented as part of the product approval file.
- In addition to any local regulatory requirements, customer fairness must be taken into consideration in product design, marketing and pricing. Companies should not knowingly sell products with any “hidden” or hard to understand charges, risks or exclusions and aim to offer products which offer value for money to the customer. Policies are easy to understand, and all communication is done in clear and transparent language.
- For each new product, the target market is clearly identified to ensure its appropriate marketability, and that the necessary steps can be taken to ensure its distribution to the identified target market respecting a fair balance of all stakeholder expectations.
- Inducements do not lead to any detrimental impact on the quality of the service provided to the customer. They don’t incite the distributor to not act in the best interest of its clients. The product design and distribution ensure that conflicts of interest are properly managed.
- The local Risk Management, Compliance, and Actuarial Functions support the business management in assessing fairness and value to customers for their local market.
- The design and pricing of products, and thus the resulting liabilities of an insurer, cannot be considered in isolation from its investment activities and the market conditions. The Product Approval Process therefore includes an assessment regarding the investment strategy related to the product, as well as the impact on the company’s overall asset & liability management.
- An impact assessment of the new product (and/or changes to existing product) on existing and/or new processes put in place is performed. For example, this includes but is not limited to reviewing the impact on claims and production management, marketing, sales process, IT aspects, accounting, reporting, databases used for risk and actuarial department.
- When launching and/or developing a new product, training is foreseen for all relevant stakeholders (e.g. salesforce, marketing, tax, claims, contract administration etc.) on the new product. The outcome of the training ensures that staff and intermediaries have the necessary skills to commercialize, manage and assess the product in way that achieves the principles outlined in this policy. For salesforce and brokers the ESG related aspects of the new product is a specific part of the training.

¹ Environmental (E) relates to environmental matters like encouraging renewable energy and circularity, reducing pollution, CO₂, waste and use of water; Social (S) matters refer to respect of human rights, diversity and inclusion, community building, etc.; and Governance (G) relates to matters on data privacy, product quality and safety, as well as to e.g. executive compensation.

- Specific attention is given to provide (educational) tools to allow customers to make informed decisions and to support customers in developing responsible behaviour.

- The new product launched must meet all legal requirements including:
 - FATCA (Foreign Account Tax Compliance Act) and CRS (Common Reporting Standards). Financial products that fall under the definition of “Financial Account” are subject to FATCA identification and reporting procedures. Therefore, the entity must establish which of its products, (including debt and equity interests with regard to funds) constitute Financial Accounts. As part of the FATCA implementation a product classification has taken place. Any new product (or amendment) must be subject to a similar process. To this extent the product approval process must ensure that Financial Accounts are identified, taking into account the applicable exceptions, when new products are introduced, or existing products are changed. Detailed information can be found in the FATCA and CRS Policy.

 - Where applicable, IDD/POG, SFDR and/or Taxonomy (e.g. product level transparency disclosures)

Note that in some countries, the product approval pack needs to be submitted to the regulator prior launch.

- The assessment on which the launch or review of a new product is based is necessarily time dependent. As the view on profitability, risk appetite, strategy, target market, detrimental impact to the customer, risks, and sustainability evolves over time, products are periodically reassessed.

- This review of insurance products brought to the market is carried out in view of ensuring, among others, that the insurance products remain consistent with the needs, characteristics and objectives, including any sustainability-related objectives, of the identified target market, and whether the product continues to offer value for money.

- This review is also part of IDD/POG compliance requesting a periodical review of all products. The exact periodicity of this review should be linked with the nature, specifications and complexity of the concerned product. The company commercializing the product therefore ensures that a process is in place to allow for a proportional review. This review can also be ad-hoc, based on external triggers identified by the various stakeholders.

GOVERNANCE

Each company is to set up a governance for the Product Approval Process in its local Product Approval Policy. The following minimum requirements should be included:

- The local business function developing the new product is the owner of the Product Approval Process.
- The local Actuarial Function is notified at initiation and made aware of the intended scope of the process regardless of the level of complexity of the new product.
- The local Risk Management Function reviews that the policy is applied properly, the Product Approval Process is followed correctly, and that the content of the Product Approval Pack is complete, keeping in mind the principle of proportionality.
- The local Compliance Function is involved with the Product Approval Process to ensure that an assessment on the different relevant compliance domains is performed.
- A duly empowered committee coordinates the Product Approval Process and acts as a body where all identified stakeholders are represented. This can be a dedicated committee (e.g. Product Approval Committee), or an existing committee empowered for this purpose.
- The local Executive Committee decides on the commercialization of new products, taking into account the outcomes of the Product Approval Process.
- Any unresolved matters that require escalation are included in the yearly reporting to the Board of Directors.
- The local Board of Directors is informed, at least yearly, of new products launched through a yearly activity report.
- All Line managers are expected to inform the Policy Owner in case they become aware of any material breaches of the principles included this policy. All Staff members are expected to adhere to the policy principles.