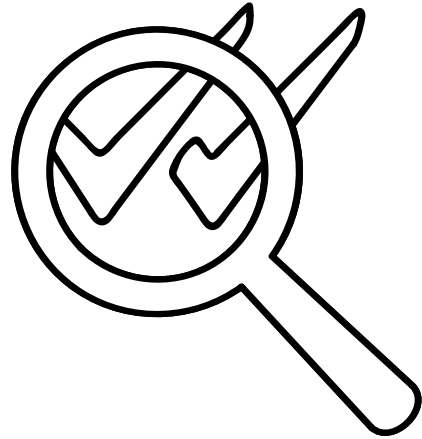


# Compliance Handbook NN Investment Partners



NN investment  
partners

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# 1. NN Investment Partners and Compliance

## 1.1 About NN Investment Partners

NN Investment Partners (NN IP) is the asset manager of NN Group N.V., a publicly traded company listed on Euronext Amsterdam. NN IP manages approximately EUR 244 billion\* (USD 288 billion\*) in assets for institutions and individual investors worldwide. NN IP is headquartered in The Hague, the Netherlands. The company employs over 1,200 staff and is active in 15 countries across Europe, U.S., Latin America, Asia and Middle East. Our main regional investment centres are in New York, Tokyo, Singapore, London and The Hague.

\*as at 30 September 2017



## 1.2 The Three Lines of Defence

NN Investment Partners has adopted a “Three Lines of Defence” governance, risk and control framework. This framework is structured to form three separate lines of defence against risks. It is essential that the three lines of defence work closely together in providing advice and support to management, whilst maintaining their independent roles and responsibilities. By doing so, NN IP entities will be able to communicate better, execute day-to-day business operations, improve compliance with policies, optimise risk mitigation and support NN IP in delivering its strategic goals.

### The First Line of Defence: the Business

Business line managers have primary responsibility for day-to-day management of non-financial risks, including compliance risks. They are also responsible for the implementation of the compliance rules and framework. Business management bears the consequences of losses that can arise from such risks.

### **Responsibilities of the First Line of Defence:**

- Work with Compliance to identify compliance risks and to implement, maintain and improve compliance controls
- Ensure that business activities are done in accordance with the agreed procedures
- Ensure that deficiencies are resolved within agreed upon time frames

### **The Second Line of Defence:**

#### **Compliance, Risk and Legal Compliance**

##### **Compliance**

Compliance supports the business with managing the risk of impairment of NN IP's integrity, caused by a failure (or perceived failure) to comply with its business principles and the applicable laws, regulations and standards, which could damage NN IP's reputation and lead to legal or regulatory sanctions and/or financial loss.

##### **Operational Risk Management**

Operational Risk management supports the business with managing the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

### **Legal**

Legal supports the business with managing the risk related to:

- A failure to adhere to applicable laws, regulations and standards
- Contractual liabilities or contractual obligations
- Liability towards third parties due to an act or omission contributable to NN IP

### **The Third Line of Defence: Internal Audit**

Corporate Audit Services (CAS)' role is to provide an independent assessment of the design and operational effectiveness of internal controls in mitigating the risks to NN Group (including NN IP)'s business performance, including the risk management activity performed by functions in the First and Second Line of Defence. CAS provides specific recommendations for improving the governance, risk and control framework. CAS conducts independent reviews based on their annual plans and on management request.

### 1.3 The NN IP Compliance Department

The NN IP Compliance department's primary purpose is to ensure that NN IP's reputation and integrity are protected and to prevent legal or regulatory sanctions and financial loss. The Compliance function verifies the adequacy of compliance controls, assisting the business in integrating compliance risk management into its normal day-to-day business processes, and ensures that there is a focus on continual improvement of compliance risk control.

The goals of the Compliance department are therefore to act proactively in:

- Identifying, assessing and monitoring the compliance risks faced by NN IP
- Assisting, supporting and advising management in fulfilling its compliance responsibilities
- Advising any employee or officer with respect to their (personal) compliance obligations
- Helping NN IP to carry on business successfully and in conformity with external and internal standards

Specific tasks undertaken by NN IP Compliance include:

- Preparing an annual risk-based monitoring plan and a compliance training plan in consultation with the business
  - Monitoring identified compliance risk and/or control weaknesses
  - Maintaining records and results from monitoring and analysing these to determine any trends or systemic flaws in policies, processes, procedures and controls
  - Reporting findings to relevant management bodies
  - Ensuring remediation of identified control weaknesses or deficiencies detected through monitoring
- Preparing a "Compliance Chart" which provides a concise overview of applicable laws, rules and external and internal regulations, identifies risk levels and sets out controls and mitigating activities

## 2. Compliance Policies and Procedures at NN IP

This document intends to provide short summaries of the main principles of NN IP compliance policies. These summaries serve as an overview of NN IP's Compliance procedures, but do not replace the entire text of policies and procedures.

# 2.1 Personal Conduct Policies

## 2.1.1 NN Group Values

### Why our values matter

Our business centres around people and trust. Being entrusted with other people's financial matters is a responsibility we take very seriously. Only by acting with professionalism, as well as behaving with integrity and skill, can we build and maintain the confidence of our stakeholders: customers, employees, shareholders, business partners and society at large – all of whom are essential to the success of our company.

The **NN Statement of Living our Values** sets out NN Group's three core values: care, clear, commit.

These values are not voluntary suggestions; they are non-negotiable. Every NN employee is responsible and accountable for living up to them. They force us to constantly ask ourselves if what we do is legal, ethical, and respectful of our customers and all other stakeholders.

### Care

This means we empower people to be their best

### Clear

This means we communicate proactively and honestly

### Commit

This means we act with integrity

## 2.1.2 NN Group Code of Conduct

The **NN Group Code of Conduct** outlines the views and expectations of all employees within NN Group. It sets out:

- How we interact
- How we deal with information and data
- How we deal with conflicts of interest, fraud, financial economic crime and competition law
- How we use equipment and the internet
- How we report breaches
- How we deal with breaches

Employees will be annually asked to declare that they are aware of the contents of the Code of Conduct, understand it and are able to apply the standards and expectations within it.



### 2.1.3 NN IP Insider Regulation (the “Code of Ethics”)

The **NN IP Insider Regulation** (the “Code of Ethics”) prohibits trading on knowledge of our client’s activities and insider trading and sets out the rules with regards to personal account dealing.

#### **Trading on knowledge of clients’ activities**

Employees are prohibited from taking personal advantage of their knowledge of research generated by NN IP or its investment activities. In particular, NN IP employees are prohibited from entering into personal transactions when they have actual knowledge that the financial instrument is being purchased or sold, or considered for purchase or sale, on behalf of a client account, or when they have actual knowledge of other confidential client related information. Furthermore, employees are prohibited from entering into personal transactions in the event of (the foreseeable appearance of) any conflict of interests.

#### **Trading on inside information**

All NN IP employees are prohibited from entering into personal transactions based on inside information, including inducing others to execute such prohibited transactions. Employees are also prohibited from communicating any inside information to others (except to NN IP Compliance, on a strict need-to-know basis, or as otherwise permitted by NN IP Compliance). Employees should at all times avoid the foreseeable appearance of executing transactions while in possession of Inside Information.

#### **Personal account dealing restrictions, permissions and requirements**

In general, employees must be cautious in their transactions and must refrain from personal transactions that may be considered excessive or highly speculative. The main rules for personal trades are:

- The employee must obtain pre-approval from NN IP Compliance for all transactions, except for open-end mutual funds not managed by NN IP and money market instruments
- If pre-approval is granted, transactions must be executed on the date of approval
- Investments in open-end mutual funds managed by NN IP, closed-end funds, equity, bonds, derivatives and index options must be held in an insiders account at a designated institution. By opening or having an insiders account, employees authorise the designated institution to share relevant information (e.g. transaction and holding information) with NN IP Compliance and NN Group Compliance.
- Maximum order sizes and minimum holding periods apply
- Employees must complete quarterly transaction reports and annual holdings reports
- Any breaches or potential breaches of the Code must be promptly reported to NN IP Compliance

The following transactions are prohibited:

- Naked short selling
- Participating in IPOs
- Turbos, speeders and sprinters
- Any financial instruments not listed in the policy

#### 2.1.4 Insider Regulation NN (IRNN)

The **Insider Regulation NN** sets out the applicable rules for NN IP employees wishing to trade NN Group financial instruments, including NN share/option plans. It applies to persons who have been designated as insiders regarding NN Group (Insider NN). **All persons working within NN IP are deemed Insiders NN.**

In summary:

- Insiders cannot execute personal investment transactions in NN financial instruments outside so-called open periods.
- Insiders need to obtain pre-approval before executing a transaction in, or making choices regarding, NN financial instruments. This pre-approval is valid for a that day.
- Employees that possess or have access to price-sensitive information are never to use this information to obtain a personal advantage, an advantage for NN, its clients, or any third party.
- Employees must be cautious in executing transactions in financial instruments and refrain from transactions

that may be considered excessive or speculative.

- Employees who possess inside information are not allowed to:
  - Execute a financial transaction related to the inside information;
  - Induce others to execute such a transaction.

### 2.1.5 Gifts, Events and Business Meals Policy (GEM)

Offering and receiving Gifts, Events and Business Meals is a part of doing business. However, giving or receiving Gifts, Events and Business Meals might create the perception that NN IP is trying to bribe the recipient or is being bribed by the provider. Therefore, the **Gifts, Events and Business Meals (GEM) Policy** was established to outline which Gifts, Events and Business Meals are allowed and under which conditions, as NN IP has a zero tolerance policy towards bribery and corruption.

The following rules apply:

- It is strictly prohibited to offer or accept (or engage in any activity that gives the appearance of offering or accepting) a bribe.
- No employee may offer or receive a Gift or Event, regardless of its value, which might create or give the appearance of creating a conflict of interest or violate applicable laws, regulations or the NN Group Values.
- Employees may not offer or accept as a Gift or Event:
  - a. Travel or accommodation
  - b. Cash or cash equivalents
  - c. Gifts or Events that exceed the authorized financial limits and frequencies set out in the Policy
  - d. Gifts or Events at a private address
- Employees may only offer or receive Business Meals if:
  - a. the purpose is business
  - b. the attendance of staff is related to their duties within NN IP
  - c. the level of expense is reasonable and customary in the context of the business relationship with the client/business partner
  - d. the frequency of such Business Meals with the same client/business partner is not excessive
- Employees must obtain written pre-approval from management and NN IP Compliance before offering or receiving Gifts, Events and Business Meals to or from public officials (including state-owned pension funds).
- All offered and received Gifts, Events and Business Meal should be reported to and/or pre-approved by Compliance in accordance with the requirements of the Policy.
- Employees are not permitted to make Gifts or Political Donations or to offer Events or Business Meals on behalf of NN IP to political parties or candidates for political office.

### 2.1.6 Outside Positions and Outside Interests (OPI) Policy

NN Investment Partners supports social activities and encourages staff to take an active role in society. Where employees are involved in social organisations or other companies, they must ensure that this involvement does not or cannot lead any (perceived) conflict of professional and private interests or to a (compliance) risk for NN IP.

#### **The NN IP Outside Activities and Outside Interests Policy**

requires employees to obtain prior permission from their manager before taking up any outside positions or outside interests and sets out the procedure for obtaining approval.

An outside position is any activity or function exercised by an employee outside their service for NN IP, irrespective of whether this is in the form of voluntary work or paid activities and irrespective of whether this activity is carried out on behalf of NN IP or on the employee's own initiative. They include:

- Positions at public offices, both paid and unpaid, and applications for such offices (e.g. local councilor)
- Paid positions/activities (e.g. administrator, lecturer)
- Paid or unpaid positions/duties involving accountancy responsibility or any other kind of responsibility (e.g. trustee or company director)
- Supervisory directorships or consultant work, both paid and unpaid
- Starting up or running your own business

New employees holding an existing Outside Position or Outside Interest are required to report/ ask approval for this Outside Position or Outside Interest from their manager within 10 business days after starting their employment with NN IP.

## 2.2 Financial Services Conduct Policies.

### 2.2.1 The NN Customer Suitability Policy

The **NN Customer Suitability Policy** has been established to ensure that products and sales practices meet our customer's financial needs and objectives, risk tolerance, knowledge, experience and financial situation.

NN IP expects all its employees to work in line with these five Customer golden rules:

- We strive to meet customers' needs throughout their life cycle
- We offer fair value to customers
- We explain the risks, returns and costs of our products and services
- We regularly assess products, services and sales practices
- We work only with professional and licensed distributors

### 2.2.2 Marketing Manual

NN Investment Partners is subject to a large array of local requirements that may restrict our ability to market our products and services in different countries.

Employees must ensure that they are aware of local requirements in the countries in which they market NN IP's products and services.

The **Marketing Manual** provides guidance on:

- The procedures to be followed when performing sales activities and using marketing materials
- The specific local laws and regulations for the countries where NN IP is currently marketing its products

### 2.2.3 Complaint Handling Policy

NN Investment Partners intends to conduct business in a way which is fair, professional and in accordance with the best interests of our clients. Complaints of our clients can be an important signal about the quality of our services and procedures. It is therefore important that complaints from clients, in whatever form, should be handled seriously, expeditiously and in the appropriate manner. The **Complaint Handling Policy** sets out the roles and responsibilities for handling complaints.

### 2.2.4 Incident Correction and Compensation Procedure (Institutional Clients) and Retail Compensation Procedure

Incidents are, unfortunately, a part of investment management. To the extent possible, NN Investment Partners aims to prevent incidents in client accounts. Resolving incidents and communicating them to clients and regulators (as appropriate), in a timely manner, is of the utmost importance. In line with our fiduciary duty, when an incident occurs, our goal is to minimise the impact it has on our client.

All events in which financial compensation is required are covered by the **Incident Correction and Compensation Procedure (Institutional Clients) and Retail Compensation Procedure** and must be reported and managed in accordance with these Procedures.

Compliance must be involved before any response is sent to a client.

### 2.2.5 Mutual Funds Holdings Disclosure Policy

Providing information about our mutual funds is an important part of NN Investment Partners' services as it allows investors to perform their own risk management review, meet regulatory requirements and to better monitor the extent to which their mutual funds' portfolios overlap in order to make more informed asset allocation decisions.

NN IP regularly collates and publishes information on its mutual funds, such as portfolio holdings and characteristics, exposure. Such information may also be requested by investors, such as clients and prospective clients, consultants, intermediaries/distributors, OTC counterparties, and rating agencies before it is made publically available by NN IP.

The **Mutual Funds Holdings Disclosure Policy** sets out what mutual fund information is made publically available to requestors and the pre-requisites under which NN IP may selectively disclose mutual fund information to clients and other parties ahead of public disclosure.

This policy aims to:

- Give all investors in the mutual funds equal opportunity to access the information;
- Make sure that parties, which are not investors in the mutual funds, do not have greater access to the information than investors in the mutual funds; and
- Minimise the risk associated with disclosure of mutual fund information to competitors, e.g. being subject of industrial spying.

## 2.3 Client-Related Policies

### 2.3.1 Financial Economic Crime (FEC) Policy

Most criminal activities require access to the financial system to obtain funding, develop ways to launder funds or to move them across territories, ensuring that funds can be used for further criminal activities.

NN Investment Partners and other financial institutions may be used unwittingly as intermediaries in a process to conceal the true source of funds that were originally derived from criminal activity or in the process of funding criminal activity, including terrorism.

NN IP has adopted a **Financial Economic Crime (FEC) Policy** in an effort to protect the organisation against money laundering and terrorist financing.

The policy sets out requirements for:

- Counterparty acceptance and due diligence
- Counterparty risk assessment
- Suspicious activities
- Sanctions compliance
- NN IP's control framework

The FEC Policy requires the implementation of a risk based approach to prevent money laundering and terrorist financing. NN IP should know who our (potential) counterparties are, what business they are in, whether they appear on any lists of government sponsored or endorsed lists of sanctioned or criminal parties or on an NN internal list. NN IP will not do business within certain designated countries, namely Cuba, Iran, North Korea, Sudan and Syria.

The responsibility for the effective implementation and execution of the client risk related compliance activities lies with the First Line by initiating the Customer Due Diligence (CDD) process. Prior to giving any commitment to act for/ with the customer or business partner or entering into any agreement or transaction, the CDD must be approved by NN IP Compliance.



### 2.3.2 Foreign Account Tax Compliance Act (FATCA)

The Foreign Account Tax Compliance Act (“FATCA”) was introduced as legislation under the U.S. Hire Act in 2010. Its primary purpose is to discourage tax evasion by U.S. tax-payers holding financial accounts or interests at non-U.S. financial institutions. FATCA imposes compliance with the identification, reporting and withholding requirements on banks, insurers and investment managers worldwide. Entities and individuals who are not compliant with FATCA face certain withholding penalties and an inability to transact with compliant institutions. Non-compliance with FATCA could expose NN IP to numerous risks: loss of market share, financial losses, reputational and legal risks.

The **NN Group FATCA** Policy was developed to help NN IP and its employees support international efforts to combat tax evasion. This Policy, therefore, stipulates that NN IP must comply with certain identification, reporting and withholding requirements. These requirements are further detailed in the mandatory accompanying FATCA Minimum Standards.

## 2.4 Organisational Conduct Policies

### 2.4.1 Conflict of Interest Policy

NN Investment Partners must identify, prevent or manage (potential) conflicts of interests. It is of the highest importance to ensure that NN IP acts in the interests of its clients and treats them fairly. The **Conflict of Interest Policy** sets out potential conflicts of interest at NN IP and an overview of the procedures used to manage them.

Conflicts of interest may arise between:

- The interests of a (group of) client(s) and the interests of another (group of) client(s)
- The interests of NN IP and the interests of a (group of) client(s)
- The interests of clients and the interests of (a group of) employees of NN IP
- The interests of NN IP and the interests of (a group of) employees of NN IP
- The interest of a part of NN IP and the interest of another part of NN Group.

NN IP has identified potential conflicts of interest that exist in its business in order to put in place measures to monitor, manage and control those conflicts. For each conflict

identified, NN IP has put in place appropriate measures to manage, control, and prevent its potential adverse impact upon its client.

### 2.4.2 Procedure for Preventing Market Abuse

The purpose of the **Procedure for Preventing Market Abuse** is to prevent market abuse from occurring during the course of NN IP's investment management activities. Market abuse should be understood to mean unlawful behavior on financial markets, comprising insider dealing, unlawful disclosure of inside information and market manipulation.

#### What is inside information?

Inside information is information relating to financial instruments or to an issuer of financial instruments which is:

1. Price-sensitive (if it were made public, would it likely have a significant effect on the price of a financial instrument?)
2. Precise (is it specific enough for a conclusion to be drawn as to the possible effect on the price of a financial instrument?)
3. Not public (can the information be obtained by research/analysis, or is it published or available via public sources?)

Any employee in possession of inside information:

- Must refrain from executing, arranging, amending, or cancelling transactions in the securities to which the information relates (insider dealing)
- Must not recommend to third parties that they execute, arrange, amend or cancel transactions in the financial instruments to which the information relates and must

not communicate the inside information to third parties (including other employees) this falls within the scope of the normal performance of their job (unlawful disclosure of inside information)

- Must not carry out any behavior that might be construed as (attempted) market manipulation, which includes making false or misleading statements and creating a false or misleading impression as to the market in, or the price or value of, an investment

#### Handling inside information

It is important that any inside information received by NN IP employees is treated with the utmost care and never passed on unless required for the performance of the job. Should an employee have received inside information, this must be reported to his manager and Compliance immediately. If the employee is unsure as to whether information is price sensitive, the employee is encouraged to report it to Compliance as well.

#### Market Manipulation

Market manipulation includes making false or misleading statements and creating a false or misleading impression as to the market in, or the price or value of, an investment. Detailed examples of such practices are set out in the procedure. NN IP employees are strictly prohibited from engaging in market manipulation or other misleading acts.

### 2.4.3 Chinese Walls Policy

The **Chinese Walls Policy** sets out NN Investment Partners' procedures for handling inside information and sets out how NN IP segregates information flows in order to prevent uncontrolled spread of confidential and inside information within the organisation and to manage internal conflicts of interest.

#### Chinese Walls

A number of NN IP departments are enclosed by Chinese walls. Employees must respect the physical access limits; ensure they do not share inside information outside their department and store information safely in the designated areas. Should it be necessary to share inside information across a Chinese wall, the wall crossing procedure set out in the policy must be followed.

### 2.4.4 Communication with Regulators and Dawn Raid Procedure

The **Communication with Regulators and Dawn Raid Procedure** sets out employee obligations with regards to interacting with regulators and the processes to be followed in the event of a dawn raid.

#### Communication with Regulators

All communication by NN Investment Partners and its employees with government officials and regulatory authorities, such as the Dutch Central Bank, the Dutch

Authority for the Financial Markets (AFM) and the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) must be supervised by NN IP Compliance. This means that an employee must coordinate with NN IP Compliance before initiating any such contact.

An employee must refer all inquiries from any representative of the government or a regulatory organisation to NN IP Compliance and not provide any substantive information on their own. This procedure will help assure that information provided to regulatory authorities is accurate and complete and in accordance with NN IP's policy to deal with regulatory authorities in an open, honest and candid manner. It will also help assure that NN IP is properly represented in such matters.

#### Dawn Raids

Occasionally, regulatory and law-enforcement authorities execute their right to visit NN IP unexpectedly in order to carry out an investigation. This visit can be a regular visit or based on the suspicion of an illegal activity.

As a general rule, information may only be provided to regulatory and law-enforcement authorities after consultation with the NN IP Compliance and Legal departments. Employees should not provide more information than requested.

#### 2.4.5 Data Protection Policy

NN Investment Partners' business activities will frequently require collection, storing and processing personal data about clients, employees, suppliers and other third parties, and we recognise the importance of ensuring the correct and lawful treatment of this data.

The **Data Protection Policy** sets out the basis on which NN IP processes any personal data and sets out rules on data protection and the conditions that must be satisfied when employees obtain, handle, process, transfer and store personal data.

We adhere to the following principles:

- Personal data should be processed fairly and lawfully
- Personal data should be collected only for specified, explicitly defined and legitimate purposes and processed with appropriate safeguards
- Data subjects need to be notified of the purpose for which NN IP intends to process their personal data when there are firstly collected or as soon as possible thereafter
- The personal data collected should be accurate, adequate, relevant and not excessive for the purpose.
- The collected personal data should not be kept any longer than necessary

- The collected personal data should be processed under the strict conditions specified in applicable legislation, for example the express consent on the person concerned
- Employees should treat the personal data which comes to their knowledge as confidential

Individuals have the right to enquire whether NN IP holds personal data relating to them. Such requests must be in writing. Employees who receive a written request should forward it to the Compliance Department immediately.

We maintain data security by protecting the confidentiality, integrity and availability of personal data, however data security breaches can happen for a number of reasons, for example:

- Loss or theft of data or equipment on which data is stored
- Inappropriate access controls allowing unauthorised use
- Equipment failure
- Human error
- Unforeseen circumstances such as a fire or flood
- Hacking attack
- 'Blagging' or 'phishing' offences where information is obtained by deceiving the organisation who holds it

Any security breach must be reported to Operational Risk Management in accordance with the Incident Procedure. Operational Risk Management will contact Legal & Compliance to determine if a notification to regulators is needed.

#### 2.4.6 Record Retention Schedule

Our **Record Retention Schedule** sets out examples of documents subject to retention obligations. In order to comply with regulatory requirements, documents related to NN Investment Partners' regulated activities must be kept for a minimum of 10 years. All records should be kept in a legible, true and accurate form and should be stored in a readily accessible place.

#### 2.4.7 Policy Voice Recording

In financial institutions, it is common practice to record telephone calls for regulatory purposes, to provide evidence of trades and the terms on which they have been entered into, to aid in investigating suspected market abuse and to monitor customer service.

In accordance with the **Policy Voice Recording**, all telephone calls will be recorded from employees that conduct the following activities:

- Receiving client orders
- Executing client orders
- Arranging for client orders to be executed

- Discussing (potential) investment opportunities with corporations within the investment universe
- Discussing matters (ESG, strategy, take overs etc.) with corporates NN IP has invested in
- Providing customer support on the phone for the direct execution platform and/ or defined contribution schemes

The principle of voice recording also applies to all other means of electronic voice communication (e.g. Bloomberg IB Talk). These types of communication will be recorded by the vendors pursuant to the scope of this policy.

It is forbidden to receive, execute and arrange a client order using mobile phones, video conferencing, or at a personal meeting with a client.

## 2.5 Trading Policies

### 2.5.1 Trading Manual

The **Trading Manual** applies to employees of NN Investment Partners with permission to execute orders on behalf of subsidiaries of NN Investment Partners Holdings N.V., and serves to provide an overview of all trading related policies and procedures.

#### Trader Authorisation Procedure

Employees executing trades on behalf of NN IP and its clients must first obtain trading authorisation. All trader authorisations are administered by the NN IP Legal Department.

#### Counterparty Approval

For the execution of orders, traders shall only engage with counterparties which are on the Approved Counterparty List. Before engaging a new counterparty, approval has to be requested from Credit Risk Management, Compliance and Legal and ratified by the Trading Committee. The counterparty approval process is part of the NN IP Credit Risk Policy.

#### Order Execution and Counterparty Selection Policy

This Policy sets out the criteria for the selection and review of counterparties in order to allow NN IP to comply with its duty of “best execution”. NN IP must ensure that the execution of transactions is as such that the total cost or proceeds in each transaction are the most favourable under the prevailing circumstances.

#### Trade Aggregation and Allocation Policy

This policy describes NN IP's trade aggregation and allocation procedures, which aim to follow the best execution principle and address the potential conflicts of interests. The policy describes both the procedures on trade aggregation and allocation for third parties as well as for NN owned accounts.

#### Affiliated Transactions Policy

This policy describes the process for affiliated transactions, and aims to mitigate or properly manage the conflicts of interest. As a general principle, affiliated transactions are permitted as long as they fit the normal course of business and are in the best interest of to all involved clients, unless restricted by law or investment management agreement.

### **Cross Trade Procedure**

This procedure sets out the circumstances in which matching sale and purchase transactions in the same financial instrument are permitted.

### **Soft Dollar Policy**

This policy sets out the conditions under which soft dollar arrangements may be entered into.

### **Error Procedure**

This procedure clarifies the scenarios in which NN IP may reimburse a client/client account, counterparty or fund for an interest, legal or other claim, an erroneous transaction resulting from an investment, trading, operational, noncompliance error, a NAV error or other incident.

### **Trading Code of Conduct**

Guidelines for safeguarding confidential information and managing conflicts of interest.

### **2.5.2 Oversight of Expert Network Arrangements**

NN Investment Partners may enter into arrangements with expert networks, matching services, political intelligence firms or other industry consultants under which NN IP obtains research, analysis or other data. The **Oversight of Expert Network Arrangements** govern the use of such services and serve to prevent potential violations of law and conflicts of interest. They set out the requirements for carrying out due diligence, the approval procedure, restrictions and requirements for calls with experts. NN IP Compliance will monitor expert calls periodically.



## 2.6 Other Policies

### 2.6.1 Use of equipment and Internet

We expect employees to use company computers, laptops, telephones and other equipment in a professional and in accordance with **NN IP's Bring Your Own Device Policy** manner. The use of personally owned mobile devices is allowed, on the condition that employees ensure that all the regular processes and procedures regarding the management of data and information are also applied on their mobile device.

NN IP allows the use of internet for business purposes. We discourage personal shopping, browsing and communications. We do not allow visits to obscene, foul or pornographic sites. Illegal downloading is also prohibited.

### 2.6.2 Clean Desk Guideline

Employees are expected to take appropriate measures to prevent leakage of confidential information as a result of carelessness, sloppiness or indiscretion. Employees should be careful when working in public areas, such as restaurants, trains and airports. Portable devices or documents should never be left unattended and encrypted information should be stored on portable carriers, such as USB drives. When leaving a workplace in an NN IP office

-even for shorter periods of time- all sensitive information should be stored away and the computer should be locked.

### 2.6.3 Fraud

Fraud occurs across the whole spectrum of the financial services industry, and with the increase of online financial activities, the financial services industry has become more vulnerable to fraud. Most fraud cases are discovered by fraud alerts or by conscientious clients or staff. As fraudsters become more sophisticated constant vigilance is needed within NN IP. Furthermore, reducing exposure to fraud requires the use of innovative technologies and improved internal procedures.

NN IP does not tolerate fraud and takes all appropriate measures to combat fraud. All employees are responsible for the identification of possible internal and external fraud and for reporting such frauds to the Anti-fraud Officer or other appointed officer, in accordance with the **Anti-Fraud Policy**.

# Reporting breaches

Our reputation and integrity are key requirements to operate successfully in financial services. Internal reporting of (suspected) criminal or unethical conduct by or within NN IP is vital for maintaining sound business conduct. Employees are encouraged to report any of these behaviours through the normal reporting channels (i.e. through their immediate or next higher level manager) in order to keep an open dialogue.

However, an employee may feel unable or uncomfortable raising a concern through the normal reporting channels. In this instance, the **NN Group Whistleblower Policy** provides a means for every employee to report, including anonymously, a concern outside the normal reporting channels, including where the concern relates to any of the following:

- Questionable accounting, internal accounting controls or audit matters
- The violation of a relevant local law or regulation
- The violation of the NN Values or of any other NN IP policy
- The intentional provision of incorrect information to public bodies

- Unethical behaviour or practices
- The intentional suppression, destruction, or manipulation of information regarding, or relating to, any suspicion referred to above

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