Investment Policy

of

Anker Insurance Company n.v.

Table of contents

ANKER
INSURANCE COMPANY

1. Investment policy

Anker Insurance Company n.v., hereinafter referred to as 'Anker Insurance', pursues a steady growth of its equity. To achieve this aim, Anker Insurance makes use of the possibility to invest funds which are not destined for the daily performance of its business operations. Anker Insurance only invests at its own risk and expense. No investments are made for clients and (other) third parties.

This document describes the policy as regards Anker Insurance's investment process. The investment profile and the frameworks within which investments take place are discussed hereinafter.

This investment policy also expressly serves as a basis for managing the investments by the appointed (external) asset managers of Anker Insurance.

1.1 Objective

The primary objective of the investment policy is to cause the assets to grow and to limit the risks of deterioration of the solvency position in the best possible way, taking the duration of the insurance liabilities into consideration.

1.2 Starting points

Basic principles

Anker Insurance applies the following basic principles as regards the composition of its investment portfolio:

- investments are demonstrably made in a socially responsible and sustainable manner;
- for reasons of risk spreading, investments are distributed over various investment categories, (underlying) types of investment and regions.
- a medium-term investment horizon (10 – 20 years) is aimed for;
- when investing, the (expected) balance sheet positions are taken into account. This applies to the assets side as well as to the liabilities side of the balance sheet. Due to the relatively small size of its assets and the short term of its liabilities, Anker Insurance does not carry out a comprehensive Asset-Liability Management study;
- sufficient financial (liquid) funds must always be available to guarantee the provision of services;
- the Executive Board of Anker Insurance may at any point in time decide to discontinue certain investment activities if it becomes evident that this is the right or the better choice from an economic, political, sustainable or other strategic perspective.

Investment profile

SOCIALLY RESPONSIBLE AND SUSTAINABLE (ESG proof)

Anker Insurance's intention is to expressly aim at a socially responsible and sustainable investment portfolio, which it does by giving the so-called ESG factors (Environment/ environmental policy, Social/social policy and Governance/corporate governance) a central role in the investment policy, where investments will be excluded and investments will to an increasing extent be selected on the basis of their "ESG impact".

The integration of the ESG aspects in Anker Insurance's asset management is in particular based on the Market Abuse (Financial Supervision Act) Decree, the Sustainable Investing Code and the Agreement for International Responsible Investment.

Market Abuse (Financial Supervision Act) Decree
This Decree includes the ban applicable to insurers on the acquisition of financial instruments issues by or to invest in undertakings which are engaged in the production, sale of distribution of cluster munitions.

Sustainable Investing Code
As from 1 January 2012, the Sustainable Investing Code of the Dutch Association of Insurers constitutes a system of standards applying to its members. Members of the Dutch Association of Insurers commit themselves to the code and act to the spirit of it. This means that, when choosing investments, members of the Association take into account the environmental aspects, social aspects and governance of the entities (ESG aspects) in which they invest. The code is in keeping with international principles: the United Nations Principles for Responsible Investment (PRI) and the United Nations Global Compact (UNGC).

The PRI is a composition of worldwide best practices providing investors and asset managers with points of reference to incorporate the ESG factors in their investment practices. The UNGC states ten principles in the areas of human rights, labour, the environment and anti-corruption. Additionally, the code includes a ban on controversial weapons.

Agreement for International Responsible Investment
On 5 July 2018, the Agreement for International Responsible Investment was signed by the insurance sector, various Non-Governmental Organisations (NGOs), trade unions and the Dutch government. With this covenant the Dutch insurance sector enters into a broad and ambitious agreement aimed at a further integration of the ESG aspects.

This covenant builds on the Sustainable Investing Code. The purpose of the additional arrangements included in the Covenant is to jointly arrive at a ESG practice for investments, in accordance with the processes and principles of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights (UNGP).

The members of the Association are obliged to abide by the Covenant and the arrangements made therein. These arrangements pertain to matters such as ESG policy, ESG due diligence, transparency and to aim at “do good” in addition to “do no harm”.

Implementation
In 2015, the external investment manager tested the asset allocation within the investment portfolio against the Sustainable Investing Code. Subsequently, a reallocation of the funds invested has taken place, where necessary. Adjustments, if any, in this investment portfolio will only be implemented when these are in line with the Sustainable Investing Code. In 2016, a second investment portfolio was composed. This portfolio is also built up in line with the Sustainable Investing Code.

Integration of the ESG factors in this structure takes place by excluding specific investment products, funds and countries, whereby, in view of the complexity of certain

investment funds, it may occur that a fund is not entirely in keeping with the Sustainable Investing Code.

To carry out a further integration of the ESG factors in its investment portfolio in a more directed and controlled fashion, in the run-up to 2020 Anker Insurance will switch to customized mandates with mainly individual shares and bonds, and, where possible, supplemented with funds which have positive ESG ratings. This way, Anker Insurance does not only intend to aim with a higher degree of certainty for “do no harm” (exclusions), but it wishes also to be able to aim for “do good”. The latter by a selection based on ESG impact.

Execution

Following on from the above-mentioned Market Abuse (Financial Supervision Act) Decree and the Sustainable Investing Code, the exclusion policy applied by Anker Insurance focusses on controversial weapons. For this purpose an exclusion list has been drawn up (appendix 2). This exclusion list will be determined in Q1 by the investment committee together with the external investment managers.

In addition, the companies violating the UNGC are excluded. This exclusion takes place in consultation with the external investment managers whereby the aim is to tie in with internationally recognized ESG rating and research institutes.

On the basis of Anker Insurance’s commitment to ESG impact investing, investments are made in companies clearly making a positive contribution to the solution of sustainability-related issues and other social issues. In addition to pursuing a financial return by the companies in question, the aim is also to achieve a social and/or ecological return. This way of investing can be aimed at individual businesses with each of them having their own focus area but can also be approached thematically in line with the 17 Sustainable Development Goals (SDGs) adopted by the United Nations. This choice will be made by the investment committee together with the external investment managers.

One of the reasons Anker does not opt for the role of active shareholder upon the implementation of its ESG policy is its relatively limited size. This role would mean that Anker through voting at shareholders’ meetings as well as by conducting a dialogue with businesses and fund managers would try to exercise influence on the policy of the undertakings in question.

Screening and ESG due diligence

As from 2020, the investments of Anker Insurance will every quarter be screened on look through basis by the external investment managers. Screening will take place on the basis of the ESG criteria, and both the exclusions and the ESG ratings as well as the UNGC criteria will be considered. For the screening use is made as much as possible of the input of international recognized ESG rating and research institutes. The investment committee receives a feedback of this screening and will discuss this with the investment managers.

The invest committee identifies together with the external investment managers and where required with other experts (potential) high-risk (supporting and related) sectors and companies in the investment portfolio which are sensitive to ESG risks. The findings of this identification process will be updated in a survey in which the most important findings are set out. When it is established that certain investments have high-risk ESG issues, the investment committee will have a screening carried out.

The implementation of the ESG policy as part of the investment policy will be evaluated by the investment committee on a yearly basis after the end of an investment (calendar) year, for the first time in Q1 2021. The (external) investment manager draws up an ESG annual report for the purpose of this evaluation, with a summary of the findings of the quarterly screenings and recommendations, if any, with a view to improve the implementation of the ESG policy. The Executive Board, the Supervisory Board as risk committee and the risk officer as chair of the risk committee receive the summary and the findings of the evaluation. The Executive Board may decide to have an independent test carried out on a yearly basis in addition to this evaluation when the Board sees cause to do so. In this test the investment portfolio will be screened on the basis of the ESG criteria.

Transparency and reporting
The ESG policy as part of the investment policy and the exclusion list are published on the website of Anker Insurance (www.ankerinsurance.com). As from 2020, the ESG annual report of the investment manager will also be published, as well as an overview of shares and bonds in individual companies and funds in which investments are made by Anker Insurance.

ALLOCATION
The investment portfolio of Anker Insurance is characterized by a market-neutral strategy and based on the maximum risks Anker Insurance is willing to run. The starting point of the investment portfolio is to achieve stable (positive) returns on investment for the medium term, which are at least equal to relevant ESG benchmarks.

On the basis of the above-mentioned profile, Anker Insurance has opted for a total asset allocation of:
I. marketable securities: 0-50% shares, 0-20% alternative investments and property;
II. fixed-interest securities: 0-70% bonds;
III. liquid securities: 10-100% cash;
This allocation with underlying ranges constitutes the starting point for the structuring of the portfolio. The ultimate composition and structure of the portfolio will be determined by the (external) investment managers together with the investment committee of Anker Insurance.

On the advice of the investment manager together with the investment committee and after agreement of the Executive Board, the above-mentioned allocation may be deviated from if there are exceptional positive or negative expectations for specific investment categories.

I. Marketable securities
The marketable securities of the investment portfolio consist of shares and alternative investments supplemented with property where desirable or appliable. The share portfolio is composed of shares and funds of undertakings including property companies and/or property stocks. Alternative investments may consist of shares in unlisted companies or of investments in commodities or commodities funds. Investments are only made in securities which comply with the ESG criteria.

Risk profile
The marketable securities portion of the portfolio is aimed at achieving capital growth for the medium term with potential (not required) interim dividend income. The risks are limited by way of an even spread over the global economic regions, countries, sectors and underlying companies. In this context marketable securities are considered as a necessary diversification in relation to the fixed-interest securities. Price risk of securities and exchange rate risks are accepted as being unavoidable.

Distribution and regional distribution
Anker Insurance's intention is to aim at an even as well as a targeted spread of the investments over the various economic sectors and regions. The allowed spread over the various regions is as follows:

Region	**Range (min – max)**
EU and US	80-100%
Emerging markets	0-20%

Marketable securities	**Minimum**	**Maximum**
Shares	80%	100%
Alternative investments and property	0%	20%

Parameters and basic principles
- As from 1 January 2020, the investment in shares will in particular be made in shares and bonds in individual companies. Investments in funds may only be made if these are (fully) ESG screened and are demonstrably ESG proof.
- With respect to shares and bonds in individual companies, the amount per debtor may not exceed 3% of the total funds invested in marketable securities.
- Derivatives may only be used with a view to cover the risks of a fall in share prices of the existing portfolio. Derivatives may not be deployed when uncovered.

II. Fixed-interest securities
The portion of the investment portfolio invested in fixed-interest securities mainly consists of government bonds and corporate bonds. Investments may be made to a limited extent in High Yield bonds (bonds with a lower rating than the government bonds and the corporate bonds) and in Emerging Market Debts (emerging market bonds). Investments are only made in securities complying with the ESG criteria.

Risk profile
The fixed-interest securities portion of the portfolio is aimed at achieving capital growth on the basis of a fixed return at a fixed end date. The risks are limited by way of an even spread in the various types of bonds. In this context bonds are considered as a necessary diversification in relation to the marketable securities. In view of the exchange rate risk, investments are only made in Eurobonds and Dollar bonds.

Distribution and regional distribution
Anker Insurance's intention is to aim at an even as well as a targeted spread of the investments over the various countries and economic sectors and regions. As regards government bonds, Anker Insurance prefers countries forming part of the EU. Corporate bonds may have their origin in the EU and the US.

Fixed-interest securities	Rating	Minimum	Maximum
Government bonds	BBB or higher	10%	90%
Corporate bonds	BBB or higher	10%	90%
High Yield and Emerging Markets Debts	Not applicable	0%	30%

Parameters and basic principles

- Investments can be made both directly in bonds and in bond funds. Investments in funds may only be made if those are fully ESG screened and are demonstrably ESG proof.
- The quality of the government bonds and corporate bonds is expressed in a credit rating of a leading credit-rating agency, based on a minimum rating of BBB (Standard and Poor's), up to the highest rating of AAA.
- When, as a result of downgrading, a bond no longer meets the BBB rating, this position may still be held for 1 year at the most.
- As regards bonds in individual companies (government and/or corporate), the amount per debtor may not exceed 10% of the total funds invested of the fixed-interest securities.

III. Liquid assets

In addition to liquid assets for its insurance operations, Anker Insurance has also liquid funds at its disposal which form a permanent part of its equity.

Risk profile

The purpose of the portion of the portfolio consisting of liquid assets is to ensure that there will always be sufficient liquid assets available to guarantee the continuity of the services. Holding a (minimum) percentage of the total investment portfolio is considered as a consequence of the desired and necessary diversification of the investment portfolio. The risk of "depreciation" is considered acceptable in this respect.

Reporting requirements

The (external) asset manager will, in principle, arrange for the provision of the relevant information which is necessary to inform the various parties concerned, initially including the investment committee and in addition the Executive Board, the Supervisory Board (also acting as representative of the shareholders Anker Verzekert b.v. and De Goudse n.v.), the risk committee and *De Nederlandsche Bank (DNB)*. This provision of information includes in particular the periodic reporting on the composition of the portfolio, the returns, whether these are realized or not, taxes to be paid and costs, the suitability in terms of risk profile and the (expected) performance of the portfolio.

In addition, as from 2010, the findings of the screening of the investments on the basis of the ESG criteria will be submitted by the external asset managers to the investment committee after the end of each quarter.

The Finance, control and process manager or his substitute will draw up a summary report of the meetings of the investment committee, including the record of resolutions and actions, if any.

Solvency II includes the following requirements in the area of reporting.
When drawing up the investment reports, these requirements are given due consideration. These requirements are as follows:

- recording the manner in which the prudent person principle is complied with;
- providing reports per investment category on income and expenditure and comparing the results with the previous accounting period;
- providing an analysis per investment category of the investment results;
- providing reports on the returns and losses which have an effect on Anker's equity;
- drawing up a prognosis of the expected investment results. The investment reports include information on the most important factors which have an effect on the (future) performance of the investments;
- applying transparency conditions to the investment funds in which investments are made by focussing on the various investment categories and the underlying types of investment;
- complying with the look through principle.

1.3 Risk management

Risks to which Anker Insurance is exposed when making investments are:

- failure to timely recognize (underlying and related) sectors and companies in the investment portfolio which are sensitive to ESG risks;
- a farther-reaching dependency on the knowledge and expertise of the external asset managers;
- concentration risk;
- price risk and interest rate risk;
- exchange rate risk;
- counterparty risk;

To manage the risks, the options available to Anker Insurance include the following:

- to have the additional ESG screening carried out on a regular basis by an external party (not being the asset manager);
- "shifting" the asset allocation within the investment profile and the total asset allocation, where, for instance, a choice can be predominantly made for one of the securities.
- "freezing" marketable, fixed-interest or liquid securities for a specific period of time in a specific proportion of the investment portfolio;
- introducing a greater diversification and spread between the various investment products;
- choosing a different investment profile with lower risk investments;
- convening a meeting or extra meeting of the investment committee to take appropriate measures at the time that the value of the investment portfolio is substantially decreasing in value (10% or more).

1.4 Governance and organisation

Outsourcing

One or more expert asset managers are engaged. These managers are DSI registered senior investment advisors or professional, experienced asset managers. In addition, it is possible to use ESG rating and research institutes.

Fees paid to the asset manager are unrelated to the number of transactions.

The asset manager is responsible for:

- providing the investment committee with information and reports in good time and in full;

- managing the assets in accordance with the starting points and basic principles of this investment policy;
- fulfilling the obligations and complying with the actions arising from the defined ESG policy;
- managing the assets in accordance with the investment profile (as translated in the mandate);
- administering the investments;
- buying and selling investments independently and at one's own initiative, in consultation and together with the investment committee where necessary and desirable.

Investment mandate

The investment mandate is a representation of the investment policy of Anker Insurance tailored to the responsibilities of the asset manager. The mandate sets out in which four asset categories the asset manager is investing. Namely: funds and equities funds of undertakings including property companies and/or property funds, alternative investments and property/real estate, bonds/bond funds and liquid securities.

The assets are invested in marketable, fixed-interest and liquid securities, and the investments are always in line with the investment profile and the underlying risk profiles. Derivatives may only be used when these serve as hedging of risks relating to a fall in prices of the share portfolio.

The asset manager will conform to the Market Abuse (Financial Supervision Act) Decree, the Sustainable Investing Code and the Agreement for International Responsible Investment, including the underlying (international) guidelines, decisions and principles.

Specialists of the asset manager experienced in researching, screening and selecting investments will perform continuous checks to ensure that the investments comply with the investment policy of Anker Insurance in general and with the investment mandate, the implementation agreement and the ESG principles in particular.

Investment committee

Anker Insurance has an investment committee composed of the full Executive Board and the Finance, control and process manager. This committee will meet at least four times a year. The external asset manager will join these meetings at least three times a year, either by being physically present or by a dial-in procedure in the meeting of the investment committee.

The investment committee has the following responsibilities:
- drawing up and, where necessary, updating and reviewing the investment policy and the execution thereof;
- discussing the investment strategy with the asset manager on the basis of the investment profile;
- monitoring whether the asset manager is acting in accordance with the investment policy, the investment mandate and the agreed investment strategy, and where desirable in combination with carrying out an audit or arranging for an audit to be carried out;
- monitoring of and where necessary guiding the asset manager;
- monitoring the developments in the investment portfolio and, where necessary, taking corrective action;

- monitoring, together with the Finance, control and process department, whether the transactions performed and changes made are in accordance with the investment portfolio drawn up;
- evaluating and analysing the investment profile and the investment strategy together with the risk committee;
- providing reports on the developments in the portfolio to the Executive Board and the Supervisory Board, and the Supervisory Board will also act as representative of the shareholders (Anker Verzekert b.v. and De Goudse n.v.);
- assessing the dollar position on a regular basis;
- assessing and reassessing the structure of the investment portfolio at the point in time that the average value of the portfolio decreases by 10% or more.

Finance, control and process department

The Finance, control and process department is responsible for:

- the monthly update of the investment administration on the basis of the portfolio developments;
- providing consecutive interim reports to the investment committee about these developments;
- arranging for reports and *DNB* reports on the investment portfolio in accordance with the Solvency II guidelines;
- co-monitoring of the implementation of the investment policy in cooperation with the investment committee and the risk committee;
- analysing the monthly investment reports for the purpose of monitoring the distribution over the various investment categories.

Risk committee

The risk committee is responsible for:

- co-monitoring of the implementation of the investment policy in cooperation with the investment committee and the Finance, control and process department;
- evaluating and analysing the investment profile and the degree and manner of risk management.

Executive Board and Supervisory Board

The investment policy will be discussed and approved by the Executive Board after adjustments/changes. Subsequently, the investment policy will be presented to the Supervisory Board for approval.

After consultations, the investment committee will submit a report to the Executive Board and the Supervisory Board on the developments in the investment portfolio. Intended changes to allocation of more than 40% of the total investment portfolio will be discussed by the Executive Board with the Supervisory Board or with a delegation of the Supervisory Board before implementation thereof.

Key positions

The risk officer is a member and chair of the risk committee and is as a result ultimately responsible for the implementation of the operations as described hereinabove under risk committee. The actuary is accountable for calculating the duration of the provisions. The compliance officer ensures that the purpose and application of the investment policy complies with the laws and regulations, the Sustainable Investing Code and the Agreement for International Responsible Investment including underlying guidelines and frameworks. The internal audit function is a position whose auditing's role is to coordinate and monitor the entire procedure.

Revision of investment policy
Once a year, after consulting the risk officer and the compliance officer, the investment committee will assess whether the investment policy is still up-to-date, complete and adequate. The revised investment policy will be approved by the Executive Board and the Supervisory Board, and the Supervisory Board will also act as representative of the shareholders Anker Verzekert b.v. and De Goudse n.v.

1.5 Laws, regulation and self-regulation
The investment policy applied by Anker Insurance complies with the conditions as are laid down in Solvency II, with the provisions of the Financial Supervision Act, with the Market Abuse (Financial Supervision Act) Decree, with the Sustainable Investing Code and with the Agreement for International Responsible Investment, including the underlying (international) guidelines, decisions and principles of the Sustainable Investing Code and the Agreement for International Responsible Investment.

Liability
Any dispute following from the management of the funds invested, which cannot be settled out of court, arising between the (external) asset manager and Anker Insurance will be submitted to a competent court in the district of Noord Nederland.

1.6 Appendices and references
- Exclusion list
- Investment Procedure
- Investment Operating Instructions
- Asset managers agreement
- Asset managers investment mandate

ANKER
INSURANCE COMPANY

Appendix 1: Definitions list

Asset allocation	Distribution of various investment objects such as shares, bonds, derivatives and liquid securities.
Investment funds	A group composed of investments the proportion of which is determined by an external financial agency.
Investment portfolio	A self-directed group composed of investment products, which is in line with the chosen investment strategy. The composition usually consists of shares, bonds, derivatives and liquid securities.
Investment strategy	An investment strategy serves the realisation of the investment objective, and determines to what extent the organisation is willing to be exposed to risks.
Derivatives	Derivative financial instruments. These are financial contracts based on an underlying value, such as a share, a bond, the price, a commodity, or an index. Examples of derivatives are options, swaps or future contracts.
Duration	The (weighted average) maturity of the bonds or group of bonds. The longer the maturity, the higher the duration and the stronger the reaction to the price after an interest rate change. The rule of thumb is as follows: if the interest rate increases by 1%, the value of the bond will decrease by 1 x the duration.
Look-Through Principle	On the basis of Solvency II, guidelines have been drawn up for the purpose of transparency in reports on the investments in the funds and the equities funds. In order to be able to render consistent account for the potential risks, the intention is to break each fund down into individual types of investments to overcome any material risks.
Bond	An investment product in the form of a debt security. By purchasing a bond, the buyer becomes entitled to receive interest and the other party shall pay the interest.
Prudent Person Principle	On the basis of Solvency II guidelines have been drawn up for conducting controlled business operations and sound operational practices. The Prudent Person Principle implies that investments should be made in a prudent manner, with due care and diligence.

Rating	Assessment of creditworthiness by an external specialised credit rating agency, such as Standard & Poor's.
Fixed-interest securities	These are investments with a fixed-interest revenue and a fixed-term maturity.
Asset management	Management of the investment portfolio, taking account of market factors which affect the value of the investment portfolio.
Asset manager	A party, often a financial institution, managing the investment portfolio for payment. Its objective is the preservation of the assets and to achieve a specific return. This return and the associated risk acceptance is laid down in a mandate.

ANKER
INSURANCE COMPANY

Appendix 2: Exclusion list based on controversial weapons

No.	Company names	Country
1	AECOM	United States
2	Aerojet Rocketdyne Holdings, Inc.	United States
3	Airbus SE	France
4	Aryt Industries Ltd.	Israel
5	Aselsan Elektronik Sanayi Ve Ticaret AS	Turkey
6	Ashot-Ashkelon Industries Ltd	Israel
7	Babcock International Group PLC	United Kingdom
8	BAE Systems Plc	United Kingdom
9	Bharat Dynamics Limited	India
10	Boeing Co.	United States
11	BWX Technologies Inc.	United States
12	CACI International, Inc.	United States
13	China Aerospace International Holdings	People’s Republic of China
14	China National Nuclear power Co., Ltd.	People’s Republic of China
15	China Shipbuilding Industry Group Power	People’s Republic of China
16	China Spacesat Co., Ltd	People’s Republic of China
17	CNIM	France
18	CNNC International Ltd	People’s Republic of china
19	Dassault Aviation SA	France
20	Ducommun Incorporated	United States
21	Elbit Systems Ltd	Israel
22	Esterline Technologies Corp.	United States
23	Fluor Corporation	United States
24	General dynamics Corp.	United States
25	Guangdong Orient Zirconic	People’s Republic of China
26	Hanwha Aerospace Co., Ltd.	South Korea
27	Hanwha Chemical Corp.	South Korea
28	Hanwha Corporation	South Korea
29	Hanwha Life Insurance Co., Ltd.	South Korea
30	Harris Corporation	United States
31	Honeywell Automation India Limited	India
32	Honeywell International Inc.	United States
33	Huneed Technologies	South Korea
34	Huntington Ingalls Industries Inc.	United States
35	Jacobs Engineering Group Inc.	United States
36	Kratos Defense & Security Solutions	United States
37	L&T Finance Holdings Ltd.	India
38	L&T Technology Services Limited	India
39	L3 Technologies, Inc.	United States
40	Larsen & Toubro Infotech Limited	India
41	Larsen & Toubro Ltd.	India
42	Leonardo S.p.A.	Italy
43	Lockheed Martin Corporation	United States
44	ManTech International Corporation	United States
45	Moog Inc.	United States
46	Motovilicha plants PJSC	Russia
47	Nelco Limited	India
48	Norinco International Cooperation Ltd.	People’s Republic of China
49	Northrop Grumman Corp	United States
50	Oceaneering International, Inc.	United States