

Investment Guidance paper on Labour Rights

Supporting document to the Responsible Investment Framework Policy

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Contents

1. Introduction	3
Background Guidance Papers	3
NN Group and labour rights	3
2. Labour and the role of companies	4
International frameworks	4
Companies and labour relations	5
Labour rights in NN's investment process	5
Disclosure and reporting on labour rights	6
3. Understanding labour-related risks and impacts	7
4. Important labour rights topics and trends	9
Employee diversity and equal pay	9
Fair recruitment practices	11
Wages and working hours	11
Unions and freedom of association	12
Health, wellbeing and safety	13
Human capital development	13
Supply chain transparency and monitoring	14
Modern slavery, child- and forced labour	14
5. Concluding remarks	16
Annex 1: Standards and guidelines	17

Important legal information

Nothing in this document expressed or implied is intended to or shall create or grant any right of any cause of action to, by or for any person (other than NN Group N.V.)

1. Introduction

At NN Group, we aim to conduct our business in a sustainable manner, which includes responsible labour practices. In this guidance paper we focus on our investment approach with regards to labour rights. The guidance provides background information on labour rights and explains the due diligence processes we apply. It also describes what relevant standards and principles currently exist to promote best practices, and to avoid creating negative impact through the companies in which we invest.

Background Guidance Papers

NN Group adopted its Responsible Investment Framework Policy in 2014. We define Responsible Investment (RI) as the systematic integration of environmental, social, and governance (ESG) factors into investment decision-making and active ownership practices. Our Responsible Investment Framework Policy reflects our commitment to various international and sector-specific standards and initiatives. A key part of our approach to responsible investing is that, where possible and feasible, we aim to mitigate the negative impacts of our investments on **sustainability matters**. These negative impacts are also called adverse impacts, the most significant of which are referred to as principal adverse impacts (PAIs). These PAIs can occur in different areas, and be related, for example, to ESG matters including climate change, employee and human rights, anti-corruption and anti-bribery.

NN Group has developed guidance papers that are intended to serve as the basis for discussions with our stakeholders. The guidance papers are considered living documents that will regularly be reviewed by NN Group to ensure that they reflect evolving risks and best practices, as well as embedding our ongoing education on these topics. The guidance papers also help our external asset managers to evaluate investments from a topic-specific perspective. By publishing these papers externally, we aim to express our position and use it to leverage change in the sphere of our investment activities.

Any references to risks in this document should not be interpreted as describing NN Group's key risks. For a description of NN Group's risk management and control system and key risks, reference is made to the section "Managing our risks" in the NN Group N.V. Annual Report 2025 (pages 45–55).

NN Group and labour rights

The basis of our approach to labour rights is embedded in the **NN Human Rights Statement**. This sets out our approach to human and labour rights in our various roles: as employer, provider of financial services, business partner, investor and corporate citizen.

When investing in companies, there is a possibility for us to be 'directly linked' to challenging labour-related situations. We aim to mitigate exposure to adverse labour-rights impacts and effectively address such situations when they arise.

Implementing a due diligence process that incorporates ESG considerations into investment analysis and active ownership practices supports informed investment decision-making. It enables us to assess investee companies' sustainability risks and impacts, including those related to labour rights considerations.

This paper begins with an introduction to the international frameworks and principles that are the foundation of labour rights. This is followed by an explanation of how companies and industries are exposed to labour rights risks, illustrated with a risk assessment that we performed. It also provides examples of sub-themes which we believe are important in relation to labour standards.

2. Labour and the role of companies

International frameworks

In establishing the role of companies in promoting labour rights, it is essential to understand the international (regulatory) frameworks and principles that serve as the foundation of those rights. NN Group's expectations are grounded in internationally recognised frameworks.

International labour rights law consists of the core legal obligations that protect workers' fundamental rights worldwide. The **International Labour Organisation (ILO)** sets international labour standards through its **Declaration on Fundamental Principles and Rights at Work** (1998). It provides the overarching framework and identifies eight core conventions in four categories:

- 1) Freedom of association and the right to collective bargaining (Conventions C87, C98);
- 2) Elimination of forced or compulsory labour (C29, C105);
- 3) Abolition of child labour (C138, C182); and
- 4) Elimination of discrimination in employment and occupation (C100, C111).

Some examples of labour rights regulations derived from the core conventions are included in the box below.

International labour standards build on the Declaration and include a wider range of ILO conventions covering responsible labour practices, such as working time (C1, C14), occupational health and safety (C155), fair recruitment and migrant worker protection (C97, C143), and the prevention of violence and harassment (C190). While not all standards are legally binding, they represent globally recognised best practice and provide a benchmark for assessing how companies manage labour-rights risks in their operations and supply chains.

These standards are particularly important for vulnerable groups, including migrant, women and informal workers. Our Investment Guidance Paper on Human Rights contains a broader discussion on vulnerable groups and community-level human rights risks.

Overview of several international labour rights-related regulatory frameworks

Overarching due diligence regulatory frameworks are explained in more detail in the Human Rights Investment Guidance Paper

European Union	<p>The EU Labour Law (article 153(1) in the (2007) Treaty on the Functioning of the European Union) focuses on the following:</p> <ul style="list-style-type: none">• working and employment conditions: working hours, part-time and fixed-term work, discrimination, and freedom of association;• employee information and consultation on collective lay-offs or transfer of companies;• EU countries apply their own labour laws and guidelines when it comes to labour practices. <p>The forthcoming EU Forced Labour Regulation (Regulation (EU) 2024/3015, to apply from December 2027) will ban products made with forced labour from entering the EU market.</p>
United Kingdom	<p>UK employment legislation is contained in various acts and regulations that govern labour conditions, including pay, working time, and protection from discrimination.</p> <p>The UK Modern Slavery Act 2015 imposes a reporting obligation on organisations with turnover above GBP 36 million, requiring them to disclose steps taken to prevent modern slavery in their operations and supply chains.</p>
United States	<p>The Fair Labor Standards Act (FLSA, 1938) regulates working hours, minimum wages, overtime pay and child labour.</p> <p>The Uyghur Forced Labor Prevention Act (UFLPA, 2021) establishes a presumption that goods produced wholly or partly in the Xinjiang region of China are made with forced labour, effectively banning their import unless companies can demonstrate otherwise.</p>
Japan	<p>The Labour Standards Act (1947) states that 'working conditions shall be those which should meet the needs of workers who live lives worthy of human beings'. The Act governs working hours, wages, equal treatment, prohibition of forced labour, and other fundamental labour rights.</p>

Companies and labour relations

Companies have an important role to play in managing their own labour relations and improving labour standards worldwide.

Widely accepted international standards such as the UN Guiding Principles on Business and Human Rights (UNGPs), the UN Global Compact (UNGC) and the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises (OECD Guidelines), translate global expectations into practical responsibilities for companies. These international standards are closely linked to the ILO framework:

- The UNGPs specify that business enterprises have a responsibility to uphold the principles concerning fundamental rights set out in the ILO Declaration.
- The UNGC derives several of its ten principles from the ILO Declaration.
- And the OECD Guidelines' chapter on Employment and Industrial Relations echoes the relevant provisions of the ILO Declaration and MNE Declaration.

The ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO MNE Declaration) provides further direct guidance to companies on social policy and inclusive and sustainable workplace practices, and applies to multinational corporations, governments, employers and workers' organisations.

By implementing this guidance, companies can help avoid and address adverse impacts that may be associated with their operations, supply chains and other business relationships. Further details on how international human rights frameworks underpin our expectations toward investee companies is available in our Investment Guidance Paper on Human Rights.

Labour rights in NN's investment process

NN Group is committed to responsibly invest our assets. We incorporate ESG risks and opportunities into the investment process, including ESG-related financial risks (sustainability risks) and adverse impacts on ESG factors investee companies may be exposed to. Our Responsible Investment Framework Policy explains how we incorporate ESG factors into our investment process. We have developed norm-based RI criteria that reflect our values and integrate the aforementioned internationally recognised standards.

As a responsible asset owner, we recognise that we may be directly linked to adverse labour rights impacts caused or contributed to by investee companies. Where feasible, we seek to engage in constructive dialogue with these companies and use our leverage to mitigate such impacts and support remedial action for affected people. Further details on our due diligence approach are provided in our RI Framework Policy and our Voting

and Engagement Policies for Proprietary Assets (references included in Appendix 2).

To strengthen their labour rights performance, steps that companies are encouraged to take include:

- Adopting and implementing policies and (due diligence) practices that are aligned with internationally recognised labour rights laws and standards across their operations and throughout their up and downstream value chain.
- Publicly disclosing a Code of Conduct, referencing ILO conventions that indicate the company's commitment to responsible labour practices.
- Integrating labour rights and other ESG criteria into procurement and operational policies. This includes embedding gender and women's-rights criteria and health and safety-related requirements and incorporating corresponding clauses in contracts with suppliers and subcontractors.
- Establishing governance and oversight of labour rights as part of the company's long-term value-creation strategy. This includes talent management, succession planning, workforce retention and turnover monitoring, and employee training.
- Disclosing their labour policies with clear objectives, measurable goals, and workforce key performance indicators (KPIs) such as age and gender distribution and the representation of women in senior positions.
- Developing human-capital development plans, providing training and career-path opportunities for their employees, and conducting regular employee-satisfaction surveys.
- Actively managing equal remuneration, ensuring fair, transparent and non-discriminatory pay practices across roles and levels.
- Providing training to address gender-based discrimination and unconscious biases in the workplace. Where relevant, companies should also provide targeted professional development and training to promote equal access for women to senior-level positions.
- Establishing an independent, confidential grievance mechanism, enabling workers in their operations and value chain and other potentially affected stakeholders to raise labour rights concerns without fear of retaliation.
- Contributing to partnerships or initiatives that enhance awareness and protection of labour rights, particularly in supply chains. The Fair Labour Association (FLA), Workforce Disclosure Initiative (WDI) and Ethical Trading Initiative (ETI) are among the leading platforms in this area.

Disclosure and reporting on labour rights

For global convergence in sustainability reporting, companies are encouraged to apply widely used frameworks such as the Global Reporting Initiative (GRI) and to integrate material sustainability indicators into financial reporting using tools developed by the IFRS Foundation, including standards from the IIRC and SASB.

Complementing these voluntary frameworks, initiatives such as the [Workforce Disclosure Initiative](#), launched by ShareAction in 2015, aim to enhance transparency on how companies manage workers across their own operations and supply chains.

Regulatory developments also play a significant role in strengthening disclosure practices. In the EU, the Corporate Sustainability Reporting Directive (CSRD) sets detailed sustainability reporting requirements, providing investors with valuable information on how companies address environmental and social topics, including labour-rights practices. The example below outlines how NN Group reports on labour-rights impacts under the CSRD framework.

NN Group's reporting on labour rights impacts

In line with our CSRD-aligned sustainability reporting, NN Group conducts a structured assessment of material social and environmental topics across the organisation. As part of this materiality assessment, we identify social negative impact topics that are related to both our own workforce and workers in the value chain, specifically those employed by investee companies and suppliers. The analysis considers where our activities and those of our business partners may be causing, contributing to or directly linked to significant labour-rights risks.

In the context of our proprietary investment portfolio, in 2025, we identified workforce **discrimination, living wages, and child and forced labour** as material impact topics for investee companies.

The outcomes of the materiality assessment also inform our broader responsible-investment approach. By evaluating material topics across the value chain, we enhance our understanding of where workers may face heightened risks.

NN Group discloses the results of its materiality assessment in its CSRD-compliant Annual Report, which includes a dedicated sustainability statement outlining how material sustainability matters are identified and addressed.

3. Understanding labour-related risks and impacts

A clear understanding of labour-related risks allows us to identify potential investment risks and opportunities and to focus dialogue and engagement on the topics that are relevant to the companies in which we invest. While all companies are exposed to some degree of labour risks, the types of risks companies face, and the severity and likelihood of occurrence of these risks will vary depending on their sector, operational and supply chain circumstances.

NN’s Responsible Investment team conducted an assessment based on labour-related incidents and controversies related to companies’ activities. This assessment is based on data points retrieved from our external ESG data provider Morningstar <?> Sustainalytics, who base their research on public information. The analysis has not been limited to NN Group’s investment universe. Instead, we assessed the entire investment universe that was made available to us, we therefore note that not all sectors and issues are fully covered. The data points provided relate to the involvement (both through direct operations and their supply chains) of companies in incidents and controversies across the following labour rights-related topics:

- Forced and compulsory labour
- Child labour
- Freedom of association and bargaining
- Discrimination and harassment
- Occupational health and safety
- Other labour relations
- Other employee-related human rights violations

NN has made an assessment based on the number of companies involved in incidents related to these topics. This assessment involved an analysis of the severity of the impact of incidents on society and the environment, and the level of financial risk posed to the company. Additionally, we evaluated the probability of a company within a specific industry getting involved in a severe incident. For each topic, the above metrics for the company’s own operations and its supply chain, as well as its adverse impacts and risk exposure were taken into account.

Table 1: Labour Rights Sector Matrix

GICS SECTOR	OWN OPERATIONS	
	OPERATIONS	SUPPLY CHAIN
Consumer Discretionary	High	High
Consumer Staples	High	High
Energy	High	Medium
Financials	Low	Low
Healthcare	Low	Medium
Industrials	Medium	Medium
Information Technology	Low	High
Materials	High	High
Real Estate	Low	Low
Telecommunication Services	Medium	Medium
Utilities	Medium	Low

Note: This sector breakdown is based on the Global Industry Classification Standard (GICS).

The assessment shows that companies operating in the Consumer Discretionary, Consumer Staples, Energy, Information Technology and Materials sectors have a high risk of labour-related impacts or risks through their own operations and/or supply chain. Conducting a thorough analysis of potential risks and impacts during the due diligence process is important when considering investment in these sectors. Furthermore, an effective due diligence process ideally also includes stakeholder engagement as it provides valuable insights into the risks to and impacts on people.

It should be kept in mind that these assessments are based on public incidents and controversies data, as well as historical data at a specific point in time (April 2023), so it is important to update the analysis regularly as new incidents emerge and are resolved.

The box on the next page contains examples of labour-related risks, opportunities and impacts for several industry groups. However, it is essential to keep in mind that that the labour relations performance profile will vary from company to company. An analysis of a company’s labour rights performance should therefore always be carried out at the individual company level.

Main labour rights-related issues per sector

Consumer Discretionary: Companies face a range of labour-related risks, including wage and hour violations, workplace safety hazards, high employee turnover rates, and discrimination and harassment claims. Additionally, companies that outsource production to countries with weak labour laws may be exposed to reputational risks due to poor working conditions.

Consumer Staples: Companies are often vulnerable to supply chain disruptions caused by labour disputes, as well as worker exploitation in the production of raw materials and safety hazards in manufacturing facilities. There is also a risk that companies may be directly or indirectly involved in using forced or child labour in their supply chains, which can lead to significant reputational damage.

Materials: Companies face a variety of labour-related risks, including worker exposure to hazardous materials, workplace safety hazards, and supply chain disruptions due to labour disputes. There is also a risk that suppliers may be involved in worker exploitation or environmental violations, which can have serious consequences for companies' reputations.

Telecommunication Services: Companies commonly face risks such as wage and hour violations, workplace safety hazards, and discrimination and harassment claims. In addition, there is a risk that suppliers may be engaged in worker exploitation or the violation of human rights, which can lead to significant reputational damage for companies.

4. Important labour rights topics and trends

In this chapter, we discuss several labour-related issues which we believe are important for companies to address, as well as certain trends that have developed over the years and will play a crucial role in tackling human capital development. We acknowledge that some of the issues are related to labour as well as human rights. In such cases, we discuss these issues in this Guidance Paper or in our Investment Guidance Paper on Human Rights.

Employee diversity and equal pay

Workforce diversity and equal pay are important components of sound human capital management.

The World Economic Forum's [Diversity, Equity and Inclusion Lighthouses 2025 report](#) notes that well designed and implemented, diversity, equity and inclusion efforts can support business competitiveness. It also highlights that such approaches are associated with improved talent attraction and retention, employee wellbeing, productivity and innovation, and have been linked to improved future financial performance and valuation outcomes. It further emphasises that frontrunners in the field of DEI are increasingly focusing on systemic measures, such as pay equity reviews and more transparent hiring, performance and promotion processes.

Women represent approximately half of the world population, and therefore half of its current and future workforce. In the EU, the gender pay gap was 12%¹ in 2023, with only minimal changes observed over the last decade. The persistence of the gender pay gap has prompted new regulatory action. Under the [EU Pay Transparency Directive \(\(EU\) 2023/970\)](#), entering into force from 2026, companies with 100 or more employees will be required to disclose gender-disaggregated salary data. Where unexplained pay gaps exist for categories of workers performing work of equal value, employers must take corrective action and, if the gap is 5% or more, carry out a joint pay assessment with the workers representatives.

These rules offer more comparable data, transparency and increase expectations that companies actively address pay gaps. At the same time, investors should remain mindful of the limitations, as the Directive focuses only on gender and only partly applies to smaller companies.

Beyond pay transparency, companies also need broader diversity, equity and inclusion policies. Effective parental leave provisions, flexible working arrangements, anti-discrimination policies

and equal opportunity practices help create fair working conditions for all employees. Such measures reduce exposure to legal and reputational risks, including discrimination and harassment claims, and support talent retention.

Addressing governance and diversity concerns through active ownership

In our listed equity portfolio, we may encounter companies where board independence, gender diversity and broader human-capital management practices fall short of our expectations. In such cases, we use our voting rights and engagement activities to encourage stronger governance structures and more inclusive leadership.

In line with the [NN Voting Policy for Proprietary Assets](#), we expect companies to make meaningful progress on gender representation and to demonstrate how they promote equitable labour practices, including efforts to close gender pay gaps. We generally support proposals that enhance transparency on pay-equity practices and are aligned with local market standards.

Our Active Ownership Report 2025 illustrates an instance where, despite earlier engagement, a company made insufficient progress in improving its board composition and governance safeguards. We used our voting rights as a means of escalation and voted against several directors to register our concerns about inadequate gender diversity and board independence.

In this year's report 2026, we have further enhanced our expectations for investee companies with the criterion that supervisory boards should consist of at least one-third women and one-third men. And, if no quota exists, companies should provide transparent diversity policies. Clear and balanced board structures are essential for effective oversight and long-term value creation.

In addition, leadership representation is a critical dimension of workforce governance. The aforementioned WEF's DEI Lighthouses 2025 report underscores the role of accountable and invested business leaders in embedding equitable workforce systems and setting the tone from the top, supporting sustained impact over time.

¹ The gender pay gap situation in the EU - European Commission. A 12% gender pay gap translates to women earning an average of 12% less per hour than men.

In Europe, gender balance at senior levels continues to attract attention from companies, investors and policymakers. Under the [Gender Balance on Corporate Boards Directive \(\(EU\) 2022/2381\)](#), by 30 June 2026, large, listed companies must achieve either 40% representation of the under-represented sex among nonexecutive directors or 33% on boards overall. Progress is visible, yet women remain underrepresented in top executive positions. In the 2025 Fortune 500 Europe ranking, only 38 of the 500 largest companies (7.6%) had a woman CEO.² This reflects a more broad-based 'leaky pipeline' – in 2023, women accounted for 46.4% of

employed people across the EU but held only 34.8% of managerial roles.³

Against this backdrop, NN integrates these principles into its own governance and reward structures. Our [Remuneration Framework Standard](#) sets group-wide guidelines for remuneration policies. It includes specific safeguards for equal pay for equal work and the avoidance of improper treatment, and it promotes fair working conditions. The case box below gives more details on our practices relating to Diversity, Equity and Inclusion.

Diversity, Equity and Inclusion (DEI) at NN

As human beings we are alike but not the same. And this is our advantage. We believe our company is strongest when we embrace the full spectrum of human individuality. Recognising each person's uniqueness and appreciating the value we all bring empowers us to succeed as individuals, as teams, and as a company. We strive to give everyone access to the same opportunities through an inclusive work environment that does not discriminate against gender, age, race, social or ethnic origin, religion, disabilities, neurodiversity, or sexual orientation. That is why, at NN, we take a stand for diversity, inclusion and equal opportunities for all.

Equal representation

NN is committed to equal representation and continues to strengthen the pipeline of women in senior management roles. We support the appointment, visibility and development of women through gender-balanced talent development, succession planning and senior appointments. After reaching our target of ≥40% women and ≥40% men in 2024, we expanded the scope of the gender diversity target to include the NN Group N.V. Management Board and managerial positions in the two levels below. We apply inclusive hiring practices with gender-diverse slates (50% women / 50% men) in predetermined pipeline grades, embed gender balance in talent management and succession processes, and use data insights on hiring, promotion, attrition and exits to identify and address leaks in the leadership pipeline. We continue to invest in learning and development of women and underrepresented groups, including leadership programmes, Employee Resource Groups (ERG) led activities and aim for 50/50 gender balance in leadership training and the NN Group Traineeship tracks.

Diversity, equity and inclusion learning

Our DEI ambition is supported through structured training, awareness building and continuous learning. NN offers regular training on unconscious bias, allyship, microaggressions, inclusive leadership and DEI terminology. These topics are integrated into employee and management development programmes and strengthened through the DEI Policy and our ERGs, including NN Pride, Women in Leadership, Women in Tech, Cultural Diversity, Young Professionals and Neurodiversity employee networks.

Inclusive leave

We recognise that people's needs differ and aim to support colleagues in balancing work and personal life. Our parental leave structure in the Netherlands is inclusive for all colleagues, regardless of family structure, and aligns with the ILO Maternity Protection Convention. In 2022, we introduced 'You matter' leave, allowing colleagues to take paid time off during exceptional personal circumstances.

Accessible workplace

NN aims to create accessible, predictable and inclusive workplaces. To support inclusive hiring, we enhanced vacancy texts using tools such as Textmetrics and Brandchart, applying B1 language and gender-balanced wording. In 2025, NN Employee eXperience Teams researched inclusive workspace needs, and in 2026 we will further roll out sensory-friendly workspaces, improved wayfinding, accessible communication and enhanced building accessibility.

Inclusive customer experience

We strive to deliver accessible and inclusive products and services to all customers. Key initiatives include preparing for the European Accessibility Act, applying inclusive communication guidelines aligned with NN Brand Language, and offering "X" as a gender option where legally permitted. We use diverse representation in communications, involve customers with disabilities in user research and continuously evaluate our products and services to ensure accessibility, fairness and inclusivity.

² Fortune announces 2025 Fortune 500 Europe List

³ 3.7 million women held managerial positions in 2023 - News articles - Eurostat

From an investor perspective, we believe that supporting sustainable long-term value creation involves setting clear expectations for how companies manage workforce diversity and equal pay. This includes encouraging targets for board and leadership diversity, requesting decision-useful disclosure on diversity policies and talent pipelines, and using escalation tools (such as voting or engagement) when progress is insufficient. The case box higher up in this section explains how NN Group addresses these topics for its own investment portfolio.

Fair recruitment practices

One way to achieve employee diversity is to adopt fair recruitment practices. Unfair recruitment practices can undermine workers' rights and gender equality and increase vulnerability to forced labour and trafficking. Fair recruitment practices should respect internationally recognised human and labour rights, and are particularly important where recruitment relies on intermediaries and cross-border labour mobility. Migrant workers face greater risks especially where regulatory frameworks are weak and recruitment practices are insufficiently monitored.

As an employer who finds it important to create equal opportunities for our employees, we believe that the companies we invest in should hold themselves to the same standard. They should give priority to fair recruitment practices as part of their labour rights-approach. This includes attention to preventing discrimination and supporting gender equality, as well as safeguarding the rights of migrant workers and other potentially vulnerable groups.

Companies and investors can leverage the principles and guidelines provided by the ILO through its [Fair Recruitment Initiative \(FRI\)](#), launched in 2014, which has recently set out a renewed pathway for 2026 to 2030 ('Phase III'), focused on practical implementation of principles and guidance and enforcement of fair recruitment.

Companies with significant exposure to migrant-worker recruitment may benefit from joining the [Leadership Group for Responsible Recruitment](#), a collaboration platform between companies and expert organisations publicly committing to the [Employer Pays Principle](#) and its implementation throughout their supply chains. Investors can encourage portfolio companies to adopt these standards and demonstrate credible implementation.

Wages and working hours

Pay gaps occur across all employee characteristics and across the whole of a company's value chain. Companies should investigate wage gaps, and reward employees who have similar job functions with comparable pay, regardless of their gender, race,

ethnicity, or other status. It is in the mandate of national governments to address the issue of minimum wages; companies have long benefited from paying low wages to their employees and suppliers. The ILO's most recent [Global Wage Report 2024–25](#) notes that real wage growth turned positive again in 2023 and early 2024 after a decline in 2022, but stresses that purchasing-power losses persist in many countries. It continues to examine whether productivity gains translate into wage outcomes, particularly in high-income economies. While the EU and the UK have quite robust policies in place to address this issue, the US has had the same federal minimum wage of USD 7.25 per hour in place since 2009. Lawmakers have put forward bills to increase the nationwide minimum wage, with an initial proposal to phase in USD 15 per hour, a move that could lift pay for around 32 million workers.⁴ More recent proposals outline a pathway toward a minimum wage of USD 17 per hour by 2029, with automatic increases thereafter. To date, several US states have increased the minimum wage, but the federal minimum wage remains unchanged, leaving many low-wage workers dependent on state-level wage policies to improve their situation.

Platform Living Wage Financials

In 2025, the Platform Living Wage Financials (PLWF) continued to advance the normalisation of living wages in global supply chains. The topic gained further international visibility this year, including its formal recognition in the political declaration of the Second World Summit for Social Development.

Within the Platform, NN Group worked alongside 21 other financial institutions-together representing over EUR 7 trillion assets under management -to assess and engage 50 companies across the Garment & Footwear, Food & Agriculture and Food Retail sectors. Through the PLWF, we combine our leverage with peers, share insights from civil society partners, and promote practical steps for companies to move from policy commitments to actual wage improvements on the ground.

Across the 2025 assessments, PLWF members saw modest but uneven progress. While more companies strengthened their policies and began integrating wage benchmarks into their due-diligence processes, only a limited number demonstrated measurable improvements for workers. Many commitments still lack clear implementation pathways, highlighting the need for continued engagement to turn policies into concrete outcomes. Evidence published by UNDP in 2025 reinforces the Platform's expectations and strengthens the global momentum: improving human rights and wage practices does not reduce corporate competitiveness. This supports NN's continued engagement with companies to drive fairer, more resilient supply chains.

⁴ Economic Policy Institute on the Raise the Wage Act of 2021

Given that legal minimum wages are uneven across jurisdictions and often insufficient to ensure decent livelihoods, investors increasingly expect companies to assess and address living wage (and, where relevant, living income) gaps in both direct operations and supply chains.

The concept of 'living wages' has been put forward to tackle the issues of low wages in companies' own operations and supply chains. **According to the ILO**, a living wage is the wage level necessary for workers and their families to afford a decent standard of living, based on country circumstances and calculated for work performed during normal working hours. It must be determined in line with the ILO's principles for estimating and setting living wages.

A living wage is generally understood to cover a person's basic needs in terms of food, housing, healthcare, clothing, transportation, education, and provide a small margin for unforeseen events. By paying a living wage, companies can improve their workers' lives, strengthen their supply chains, and contribute to the stability of the countries they source from. Living wage and living income issues are particularly prevalent in labour-intensive global supply chains. Companies operating in high-risk sectors can use the OECD's (2024) **Handbook on due diligence for enabling living incomes and living wages in agriculture, garment and footwear supply chains** to apply the OECD due diligence framework to translate living wage and living income commitments into practical action cross global supply chains, aligned with the ILO living-wage concept.

Another important aspect of working conditions is working hours. The ILO's Hours of Work (Industry) Convention, 1919 (C1) provides guidance to companies and sets a maximum of 48 hours per week or eight hours per six-day workweek.

We expect our investee companies to follow the ILO's guidance by applying clear limits on working hours per day and per week and by monitoring compliance across their operations and value chains. As an employer, working hours at NN are governed by Dutch labour law and applicable collective labour agreements, which are consistent with the protective intent and limits reflected in ILO standards on working hours.

Because overtime protections and premium pay requirements can vary by jurisdiction and may exclude certain categories of workers, companies should apply checks and balances that prevent excessive working hours and ensure fair compensation, especially for more vulnerable, lower-paid and insecure workers. In addition, some companies may use zero-hour contracts or other on-demand scheduling models that provide flexibility for employers but can create unpredictable hours and income insecurity for workers.

Companies that fail to implement programmes to set a clear benchmark for living wages or have clear standards in place for addressing employee working hours, may face both operational (strikes and factory closure), and reputational risks (public scrutiny). Our view is that companies should take the matters of living wage and working hours seriously, as those that improve management of these issues are best placed to take advantage of related opportunities, such as a healthy workforce, improved productivity, and strong employee retention.

Unions and freedom of association

Unions can provide workers with more bargaining power and a stronger voice in the workplace, which can result in better wages, benefits, and working conditions.

NN's approach to Consultation and Collective Bargaining

NN's commitment to upholding the right to freedom of association and collective bargaining is reflected in our [Human Rights Statement](#). We believe that these rights are fundamental and universal for our workforce and are critical components of our commitment to being a fair employer that respects human rights, promotes equal opportunities, advocates for equal remuneration, and encourages diversity of thinking.

The way in which we consult employees depends on local legislation and culture. We have collective bargaining agreements in place in most of our business units. In some countries, employee consultation is a legal requirement. In many European countries, it is arranged via works councils. In addition to local works councils, NN Group has established a European Works Council to promote communication and consultation. Furthermore, NN has set up an Ombudsman programme in the Netherlands to provide dispute resolution in cases where issues cannot be resolved with an employee's immediate manager. More countries will follow this example in the coming years.

For more information about NN's work on the topic, please visit our [website](#).

Despite these benefits, several factors⁵ have caused union membership to decline in OECD countries. Firstly, unions have historically been stronger in the manufacturing sector, but due, for example, to the shift of jobs to the service sector and, in some contexts, globalisation or offshoring pressure, union membership has decreased. Secondly, the rise of non-standard employment, such as flex contracts, temporary and part-time work, and gig-based (short, on-demand tasks typically arranged through online platforms) and other fragmented forms of work which can reduce access to collective bargaining and representation, have contributed to this decline.

⁵ Full Report: [Membership of unions and employers' organisations, and bargaining coverage | OECD](#)

Additionally, a number of countries have implemented labour market reforms that have weakened unions or shifted bargaining power. Moreover, some workers may be hesitant to join a union because they doubt its ability to improve their wages or working conditions, or because they are reluctant to pay union dues. Employers may also oppose unions viewing them as a threat to their profits and use tactics to prevent workers from unionising. In regions with weak labour regulations or fragmented labour markets, it can be difficult to establish a union due to fear of retaliation, limited enforcement capacity and limited support from local governments.

Despite the challenges, companies are encouraged to support their workers' right to organise and engage in collective bargaining. This can be achieved by implementing policies that protect workers' freedom of association and by promoting a culture of open communication and collaboration. For instance, companies can establish joint committees with worker representatives to discuss workplace issues and negotiate collective bargaining agreements. They can also provide training and education to workers on their rights and how to effectively engage in collective bargaining. By taking these steps, companies can create a more inclusive and collaborative workplace that benefits both workers and the business.

Health, wellbeing and safety

Workers' health, wellbeing, and safety are essential conditions for decent work. Job-related factors, such as wages, working hours, workload, work-life balance, and interpersonal dynamics, play a critical role in shaping physical and mental health. Companies that recognise and proactively address these factors are better positioned to maintain productivity, improve performance, and attract and retain a motivated workforce.

Policies that support worker wellbeing, such as flexible working arrangements and employee assistance programmes, can help mitigate stress and prevent negative health outcomes.

In addition to wellbeing considerations, companies must ensure a safe working environment by implementing a comprehensive occupational health and safety (OHS) policy, supported by effective management systems. This includes identifying and mitigating workplace hazards, providing appropriate uniforms and personal protective equipment (PPE), and ensuring safe handling and use of hazardous substances. Companies should minimise workers' exposure to harmful chemicals by applying the precautionary principle and utilising the best available technologies (BAT). These measures are essential to prevent occupational injuries and diseases, reduce operational and regulatory risks, and support long-term workforce resilience.

Related topics such as community health impacts, hazardous substances, and broader product and environmental safety are addressed in our Human Rights and Environmental Investment Guidance papers.

Human capital development

Human capital is one of the key success factors of every business. In an era defined by rapid technological change, companies must adapt not only from a technological perspective, but also in their human capital management strategies. Research by the **World Economic Forum** finds that rapid advances in digitalisation, artificial intelligence and automation are major drivers of labour-market transformation, reshaping job roles, task composition and skills demand. These trends are contributing to job creation and displacement and increasing skills instability, with skills gaps identified by employers as a leading barrier to business transformation. As a result, organisations are expected to prioritise large-scale upskilling and reskilling, internal talent mobility, and strengthened leadership and people-management capabilities to support workforce transition.

Human Capital Management Stewardship

NN participates in Morningstar Sustainalytics' Human Capital Management Stewardship Programme, which supports investors in addressing emerging workforce-related risks and opportunities. In a rapidly changing labour landscape, shaped by technological advances, demographic shifts and evolving reporting requirements, strong human capital management is becoming essential for companies that want to retain a competitive advantage.

In 2025, engagement activity broadened as more companies became open to engagement, including several that had previously been unresponsive. Early CSRD reporters showed stronger disclosure on wellbeing and safety, while conversations also highlighted challenges such as navigating the changing DEI landscape in the US and improving transparency on the workforce implications of AI. Many companies continue to lack clear metrics and targets to evaluate progress.

NN will continue participating in this programme. In 2026, the focus will be on helping companies develop meaningful KPIs and strengthen their human capital management practices, enabling them to better manage workforce expectations and future developments in their operating environment.

Against this backdrop, as skills requirements shift and skills gaps widen, companies increasingly need to develop capabilities internally and retain critical talent. To avoid high turnover rates or employee dissatisfaction, companies should prioritise employee engagement and promote an open feedback culture, free from fear of retaliation. Such engagement mechanisms enable companies to better understand workforce needs and expectations, supporting the adaptability of Human Resources policies to better respond to employees' evolving needs.

In line with the OECD Guidelines, companies are expected to offer on-the-job training and mentoring programmes that help employees develop and foster a healthy work environment. In this context, solid human capital can also be viewed as an opportunity to improve workplace productivity.

Studies show a connection between companies engaging their employees and outcomes such as improved productivity, decreased absenteeism, higher quality and performance and decreased turnover, all of which can help reduce costs.

Human capital is generally seen as a financially material factor in companies' performance, and large investors such as [BlackRock](#) and [CalPERS](#) actively engage companies and partners to improve workforce practices. In this context, we encourage our asset managers to assess and integrate human capital considerations into their engagement and investment decisions.

Supply chain transparency and monitoring

Supply chains are at the backbone of most industries and companies rely on their suppliers to source and manufacture their goods. This makes the management of labour relations vital for the success of a company. Both the ILO, through the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), and the OECD, through the Due Diligence Guidance Documents, provide companies with direction on how to best address issues in their supply chains.

We believe that companies with complex supply chains that develop strong supply chain management systems aimed at addressing labour relations, human rights and working conditions are better positioned to reduce exposure to supplier strikes and factory shutdowns, mitigating operational and reputational risks. Therefore, companies should acknowledge supply chain labour relations as a strategic issue by integrating labour rights into procurement policies and establishing a supply chain code of conduct as the framework for collaboration.

To further support strong supply chain management, companies can include clauses on compliance with labour-rights criteria in their contracts with subcontractors and suppliers. They should also develop monitoring and audit systems to strengthen visibility into their operations and limit potential breaches, such

as excessive working hours, low wages, and poor working conditions. Supply chain mapping is considered best practice, as it provides a broad overview of the company's value chain beyond tier-one suppliers and enables insight into production sites at different stages of the manufacturing process.

For mapping and transparency purposes, companies can make use of open, collaborative mapping platforms such as [Open Supply Hub](#), which provides a publicly accessible, standardised global database of production sites. It helps companies gain visibility into where production occurs and who is connected to each site, supporting more effective risk identification and collaboration. This kind of open data approach complements companies' own monitoring systems and enhances their ability to address labour-related risks deeper in the supply chain.

Greater transparency ultimately supports stronger labour relations between companies and their suppliers by enabling long-term strategic partnerships grounded in mutual trust and understanding.

Modern slavery, child- and forced labour

Child labour, forced labour, and modern slavery (see definitions on the next page) remain areas of concern despite repeated attempts from international bodies (ILO, UN), national governments and companies to abolish them. As most of the violations relating to child and forced labour, and modern slavery happen lower down the value chain, traceability and timely mitigation of such cases is particularly challenging for companies. In recent years, national governments have taken it upon themselves to address this issue and to work together with companies and civil society.

Regulations such as the UK Modern Slavery Act (see case box page 4), the [U.S. Dodd-Frank Act's \(Section 1502\)](#) conflict minerals provision, and the [EU Conflict Minerals Regulation \(Regulation \(EU\) 2017/821\)](#) ask companies to strengthen monitoring and reporting on labour-related risks across their operations and supply chains. Furthermore, in 2012, the Children's Rights and Business Principles were released: a set of ten principles developed by UNICEF, the UNGC and Save the Children to guide companies in respecting and supporting children's rights in the workplace, marketplace and community.

In addition to regulatory developments, new global initiatives are emerging to address the data and visibility gaps that make forced labour difficult to detect. For example, the [Global Data Partnership Against Forced Labour](#) is positioned as an infrastructure for coordinated action, giving stakeholders access to information from public, private and civil-society systems. The model leverages federated data and agentic AI to enable privacy-preserving collaboration and turn fragmented signals into collective intelligence.

A proof of concept in Thailand showed how cross-system linkages can reveal risk patterns no single actor can see alone and help make forced labour a preventable risk rather than an enduring reality. These developments are interesting for investors as they can reveal supplier-level red flags earlier, support more targeted stewardship with credible, system-level evidence, and reduce exposure to operational and reputational losses from labour-rights violations. At the same time, they can help portfolio companies move from static, point-in-time audits to continuous, data-driven monitoring aligned with evolving due-diligence expectations.

NN does not tolerate the use of child labour as defined by the ILO (see below), nor forced labour, (modern) slavery or human

trafficking in any of its operations and we strongly believe that the companies we invest in should follow suit.

Specific to child labour, we recognise that the ILO distinguishes between acceptable forms of light work and harmful child labour.

We expect all companies we invest in to meet or exceed ILO standards and ensure that no harmful, hazardous, or exploitative work involving children occurs in their operations or value chains. We believe companies failing to establish robust policies and long-term programmes to prevent and remediate child and forced labour face increasing public scrutiny and material operational risks.

Definitions of Modern slavery, Child- and Forced labour

Modern slavery: **Modern slavery** is not defined in a single ILO convention but is used as an umbrella term covering a range of severe exploitation, including forced labour, forced marriage, human trafficking, debt bondage, and other slavery-like practices.

It refers to situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, deception, or abuse of power or vulnerability.

Child labour: According to the International Labour Organization (ILO), **child labour** is work that deprives children of their childhood, their potential, and their dignity, and that is harmful to physical and mental development. It refers to work that is mentally, physically, socially, or morally dangerous and harmful to children, or that interferes with their schooling. Globally, an estimated 138 million children were in child labour in 2024.

Forced labour: The ILO defines **forced labour** as all work or service exacted from any person under the menace of any penalty and for which the person has not offered himself or herself voluntarily. It can include physical or mental coercion, abuse of power or authority, deception, or other forms of compulsion. In 2021, 49.6 million people were living in modern slavery, 27.6 million of whom were in forced labour and 22 million in forced marriage.

5. Concluding remarks

NN Group's Responsible Investment Framework Policy highlights the measures we take to systematically integrate sustainability factors in investment decision-making and active-ownership practices. We have developed norms-based RI criteria that are a reflection of relevant laws, the organisation's values, and internationally recognised standards such as the UNGC, the UNGPs, and the OECD Guidelines. If there are strong indications that an issuer may not meet NN's norms-based RI criteria, we will further assess the case. If this assessment concludes that the criteria are not met, NN will assess whether engagement or restriction is the appropriate course of action.

We encourage our asset managers to use this paper as guidance to determine risks and opportunities and to engage in a dialogue with companies to address labour-related risks, that could in our view affect the value of investments. Where needed, we will support these processes with additional tools or guidance materials. This paper aims to help our asset managers to evaluate investments from a labour-rights perspective. By also publishing this paper externally, we aim to express our position and use it to leverage change in the sphere of our investment activities.

Annex 1: Standards and guidelines

This appendix contains international standards, principles, guidance and other sources consulted in the development of this paper. It includes sources that are referenced in the main text, as well as sources for which hyperlinks are not provided in the main text. Some sources informed the analysis without being directly referenced. The list is indicative and not intended to be exhaustive.

ILO Declarations

[Declaration on Fundamental Principles and Rights at Work](#)

[ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy \(MNE Declaration\)](#)

ILO Conventions

[Freedom of Association and Protection of the Right to Organise Convention, 1948, No 87](#)

[Right to Organise and Collective Bargaining Convention, 1951, No 98](#)

[Forced Labour Convention, 1930, No 29](#)

[Abolition of Forced Labour Convention, 1957, No 105](#)

[Minimum Age Convention, 1973, No 138](#)

[Worst Forms of Child Labour Convention, 1999, No 182](#)

[Equal Remuneration Convention, 1951, No 100](#)

[Discrimination \(Employment and Occupation\) Convention, 1958, No 111](#)

[Occupational Safety and Health Convention, 1981, No 155](#)

Company guidelines and principles

[UN Global Compact principles](#)

[OECD Guidelines for Multinational Enterprises](#)

[OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#)

[OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#)

[OECD Handbook on due diligence for enabling living incomes and living wages in agriculture, garment and footwear supply chains](#)

Management standards

SA8000: The SA8000 standards measures social performance in eight areas important to social accountability in workplaces. The standard encompasses: child labour, forced labour, health and safety, freedom of association, discrimination, disciplinary practices, working hours, remuneration and management system.

Reporting frameworks

[Global Reporting Initiative \(GRI\)](#)

[Integrated Reporting \(part of IFRS Foundation\)](#)

Relevant regulations and directives

[EU Conflict Minerals Regulation \(Regulation \(EU\) 2017/821\)](#)

[EU Forced Labour Regulation \(Regulation \(EU\) 2024/3015\)](#)

[EU Labour Law \(article 153\(1\) in the \(2007\) Treaty on the Functioning of the European Union\)](#)

[EU Pay Transparency Directive \(\(EU\) 2023/970\)](#)

[Japanese Labor Standards Act 1947](#)

[US Dodd Frank Act's \(Section 1502\)](#)

[US Fair Labor Standards Act \(FLSA\) 1938](#)

[UK Modern Slavery Act 2015](#)

[US Uyghur Forced Labor Prevention Act \(UFLPA\) 2021](#)