Achmea Annual Report

2021

SUSTAINABLE LIVING TOGETHER

achmea

Annual Report 2021 Achmea B.V.

This is Achmea's annual report for the year 2021. This report provides insight into our company's vision, strategy and objectives, the manner in which we create value for our stakeholders and the trends and challenges we face. In addition, we provide insight into our results and the most important financial developments in 2021. This annual report also contains the consolidated and company financial statements of Achmea B.V. for 2021 and other information. The supplements belonging to the Executive Board report contain additional information, including in relation to sustainability.

The external auditor has audited the 2021 consolidated financial statements as included on pages 104 to 228 and the company financial statements as included on pages 229 to 241. The auditor's report can be found on pages 245 to 256.

The external auditor has also reviewed the sustainability information as included on pages 4 to 53 and in Supplement D and Supplement E. The assurance report with the auditor's opinion can be found on pages 257 to 259.

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SUPPLEMENTS

This section of the annual report is aimed at acquainting readers with our company. In addition to A word from our Chair, we give insight into the composition of our company by listing key data and the main brands. We also outline the most important events of 2021. Further on in the section we describe how we aim to create value for our stakeholders and what our main drivers are.

INTRODUCING ACHMEA

A WORD FROM OUR CHAIR

Achmea stands for Sustainable Living. Together.

We want to make a long-term contribution to an inclusive society in which we live alongside each other in harmony and good health without anyone feeling excluded. It is almost impossible to imagine how drastic it is for people when that is at stake. But the surreal situation in Ukraine shows how little this can be taken for granted, and how vulnerable we are as a society and as human beings.

The situation in Ukraine is, of course, in stark contrast to developments in Dutch society. For the Netherlands, the past year was again dominated by Covid-19, which led to new issues in healthcare and increasing social polarisation. Nor have we been spared in terms of the climate in the past year. The flooding in Limburg in mid-July caused a huge amount of suffering, as did snowstorm Darcy when it raged over the country at the start of the year. We are conscious of the fact that new challenges relating to health and global warming demand new solutions and innovations. It fits in with our cooperative identity to contribute to solutions to major social issues from our key domains and in doing so create, together with our partners, as much value as possible for our customers, society, employees and company. We have been doing this for over 210 years and will continue to do so.

Our strategy is called The Sum of Us and it is now more topical than ever. As Chair of the Executive Board I therefore look forward to contributing with you and with partners inside and outside Achmea to a world in which we live together sustainably.

Achmea continues to build on the solid foundations laid by Willem van Duin during his many years as Chair of the Executive Board. In April 2021 we and all our colleagues said goodbye to Willem and showed our well-deserved appreciation of his seventeen years on the Executive Board, twelve of which as Chair. In the same period, Aad Veenman stepped down as Chair of the Supervisory Board and Mijntje Lückerath relinquished the Supervisory Board position she had held since 2011. Yet we have welcomed two competent successors in Jan van den Berg as the new chair and Tjahny Bercx as a new members. In October 2021 the Executive Board was strengthened by the appointment of Daphne de Kluis. We also said farewell to Henk Timmer on 1 March 2022. I am pleased that we were recently able to announce the appointment of Michiel Delfos as a member of the Executive Board and Chief Risk Officer as of 12 April 2022. I would like to offer Willem, Aad, Mijntje and Henk my sincere thanks for their enormous contributions to the wonderful company that Achmea is today.

Products and services for serving customers even better

In 2021 we launched some wonderful innovations, products and services to offer our customers, including those via Rabobank and brokers, even better help and support. In addition to providing home insurance and mortgages, Centraal Beheer is increasingly positioning itself as a partner to home owners with Prettig Wonen, a digital department store that offers customers tips and advice as well as (odd job) services. The range of services has been expanded to include options such as a checklist to used when moving houses and building inspections.

In the pension domain Achmea Pension Services is working to achieve its ambition of becoming the best fully digital pension provider in the Netherlands. We aim to shape this ambition through smart products and services that the market needs today and tomorrow, provided by the best-qualified employees. That this strategy works can be seen from the continued growth in clients with leading funds, such as Ahold Delhaize Pensioenfonds and Stichting Pensioenfonds voor Huisartsen. Achmea Investment Management (Achmea IM) also continues to grow through new mandates. As of October, for example, Achmea IM implements the investment policy of ASN Impact Investors for a number of funds.

Among frontrunners in digital strategy

Our digital strategy places us among the frontrunners. As part of this, we continue to improve and expand our digital customer service. For example, artificial intelligence is increasingly being integrated into our chatbots. Furthermore, together with our Eurapco partners and blockchain initiative B3i we have put blockchain technology to use with the aim of making the reinsurance process more efficient. We are also boosting our online ambitions by rolling out the InShared model in more countries. This year we started offering online car insurance policies in Germany using this model. InShared was also rewarded in the Netherlands: it received high customer satisfaction scores. As a data-driven organisation, alongside further development of our online services we are investing in the way in which we treat customer and stakeholder data in a responsible and ethical manner.

We speak up on social issues

As a financial service provider with cooperative roots we set ourselves apart because we are not only there for our

A WORD FROM OUR CHAIR

customers but also belong to them. Our many millions of customers mean we have not just the right but also an obligation to speak up. Together we solve social challenges in a sustainable manner in the health, mobility, living & working and income domains. We also talk openly about social issues. For instance, we made our stance on a firework ban clear in a national campaign and continue to call on the pharmaceutical industry to assume responsibility in the Covid-19 pandemic, first by encouraging development of vaccines and more recently by asking companies to make vaccines more widely available. To accomplish our goals we operate as ‘one’ Achmea. We intend to profit fully from the synergies within our organisation. In doing so we combine our building blocks, such as our expertise in data and technology, strong partnerships, skilled employees, a large client base and an outstanding financial position.

Enhanced sustainability ambitions

It is no coincidence that sustainability is at the forefront of our vision. Sustainable in the sense that we live long healthy lives together in a society in which no-one feels excluded. Making society more sustainable is of course a significant part of this ambition and the best solution to one of the greatest challenges we face worldwide: climate change. Global warming is a fact and we are experiencing the direct consequences of it at first hand.

We are therefore committed to achieving climate-neutral business operations in 2030, climate-neutral investments in companies in 2040 and a climate-neutral insurance portfolio no later than 2050. Another goal is to make our investment property and mortgage portfolios more sustainable. Naturally we also help our customers and employees to live in an increasingly sustainable fashion. Under our new collective labour agreement a climate budget of €2,500 will be made available to every employee. Moreover, our brands help our customers through sustainable products and services. These include the green roofs of Interpolis and solar panels via Centraal Beheer. By doing so we want to provide our customers with valuable services to complement our insurance products. In addition, Achmea has joined the Net Zero Insurance Alliance and intends to sign up to the Insured emissions initiative of the Partnership for Carbon Accounting Financials (PCAF).

Our strong brands give further substance to our role in society

Yet we look further than just climate change. Achmea also stands for an inclusive society in which no-one feels excluded. As a financial provider we use our knowledge and expertise to help people who are in debt to manage their finances. Not just retail customers but also businesses that, partly because of the coronavirus pandemic, have got into financial difficulties. Centraal Beheer and Avéro Achmea were co-founders of Geldfit Zakelijk that helps businesses in difficulties to make a restart.

Over the past year we have again developed some wonderful new initiatives or expanded existing ones that enable us to contribute to our mission of solving the challenges facing society. In the health domain, Zilveren Kruis is implementing the ambition to bring healthcare closer to everyone, among other things through helping St. Antonius hospital in Nieuwegein to organise its healthcare services differently. This is being done via e-consultations and by offering more healthcare at home. These are tangible solutions to soaring medical expenses and tightness on the job market. A similar partnership with OLVG hospital in Amsterdam offers more options for telemonitoring, including for heart patients.

Interpolis is working to reduce the number of road traffic fatalities and has developed a virtual traffic tool, WegWijsVR, to help primary school children get to and from school safely. On top of this Interpolis has developed the AutoModus and PhoNo apps to restrict the use of mobile phones as much as possible while at the wheel. Interpolis was rewarded for its efforts to achieve zero road traffic fatalities when it won the Excellence in Road Safety Award 2021. Achmea Bank sees it as its social responsibility to make young people more financially savvy and holds classes for children at an age when they are given a greater amount of financial responsibility. These types of activities are aligned with our ambition to create social as well as financial value, and the excellent ratings our customers award us are proof that they appreciate our services.

Strong financial performance in 2021

We realised a strong financial result in 2021. The result on our non-health activities increased to €575 million (2020: €395 million) due to autonomous growth and higher investment income. In doing so we retained our market leadership in Non-Life and Health and strengthened our market position in asset management, with assets under management growing further.

Health generated a small positive total result of €10 million, despite the contribution of almost €400 million of our reserves to limit increases in premiums. At our non-Health activities Pension & Life in particular earned a sharply higher result, boosted by sound investment results. In Non-Life the result remained stable, despite the higher number of claims arising from natural disasters and provisions for personal injury claims from previous years, in part due to lower interest rates. At International the result increased in part due to premium growth and an improvement in results in Greece and Slovakia. The result at Retirement Services was affected by the investment in digitisation, while the number of customers and revenue continued to grow.

The Group’s solvency ratio increased to 214%. This creates capacity for us to continue investing in our customer service, accelerating our strategy and helping to solve social issues.

A WORD FROM OUR CHAIR

Targeted growth in the coming years

I would like to thank all of Achmea's colleagues, partners and other stakeholders for their efforts over the past year. Together we will be able to achieve our goals in the coming years. We have set ambitious goals that we can only achieve as a single group, as 'one' Achmea. Here it is vitally important to take further advantage of the many synergies in knowledge, skills, data and technology, and this will ensure that we grow in a targeted manner. In addition to growth opportunities at Health and Non-Life, we can identify plenty of opportunities in Retirement Services and our International business, while the Pension & Life service book will run off in a cost-efficient manner. We are anticipating the new pension rules and converting these into options for both asset management and pension services.

Over the next few years we will implement our The Sum of Us strategy. As we do so our Sustainable Living. Together vision will be our guide. Anchored in our strategy, this is the driving force behind our goal of creating a sustainable and inclusive society, for today and tomorrow.

Bianca Tetteroo

Chair of the Executive Board

ACHMEA AT A GLANCE

MAIN ACTIVITIES

Non-Life Netherlands
Gross written premiums

€3.8 bn. 2020: €3.7 bn.

Market position[1] #1

Health Netherlands
Gross written premiums

€14.0 bn. 2020: €14.3 bn.

Market position[1] #1

Pension & Life Netherlands
Gross written premiums

€0.9 bn. 2020: €1.0 bn.

Market position[1] #5

Retirement Services Netherlands
Asset under Management by Achmea IM

€220 bn. 2020: €203 bn.

Market position[1] #4

International
Gross written premiums

€1.3 bn. 2020: €1.1 bn.

Misc. market positions

GROUP KEY FIGURES

Operational result
(€ million)

€585 million 2020: 630

Solvency (SII)[2]
(as a percentage)

214% 2020: 208%

Net result
(€ million)

€468 milion 2020: 642

Sustainability[3]
(MSCI ESG Rating)

AA 2020: AA

Gross written premiums
(€ million)

€20,026 mln 2020: 20,175

Number of internal employees in FTE's

14,800 2020: 14,720

1 Insurance activities according to written premiums and Retirement Services to assets under management.
2 Solvency ratio determined on the basis of a Partial internal model after deduction of proposed dividend and coupons on hybrid capital.
3 MSCI ESG Research is one of the world's largest providers of ESG ratings and research.
Asset managers use these to analyse the impact of ESG factors on the long-term risks and return of the investments made on behalf of their corporate clients..
4 Number of employees with an employment contract for a definite or indefinite period. In 2021 this is based on a 34-hour working week. In 2020 the FTEs were determined based on a 36-hour working week. To facilitate comparison, the FTEs for 2020 are also given in a 34-hour working week. The total number of employees (i.e. both with and without a contract of employment) based on a 34-hour working week at the end of 2021 was 16,824 FTEs (2020: 17,267 FTEs based on a 34-hour working week).

ACHMEA AT A GLANCE

Achmea operates via different brands. Apart from the Achmea brand, our biggest brands are Interpolis, Zilveren Kruis and Centraal Beheer. The brands Interpolis, Zilveren Kruis and Centraal Beheer are aimed at all sections of Dutch society. Other Achmea brands focus on specific groups or offer their insurance, banking products or services through a specific distribution channel.

achmea

In collaboration with its customers, partners and business relations Achmea wants to solve major social issues relating to health, living & working, mobility and income. This is how we aim to create sustainable value for our customers, employees, the company and society.

Zilveren Kruis

Zilveren Kruis provides insight into overall health. We encourage everyone to take small steps to improve their health. Because every little helps. Customers can turn to Zilveren Kruis for e.g. health insurance but also services aimed at improving health.

Centraal Beheer

Centraal Beheer has direct contacts with retail and business customers and its products are also sold via brokers. Customers can turn to it for property & casualty and income protection insurance, pensions, mortgages, savings and investment products.

Interpolis. Glashelder

Interpolis operates in the banking channel and works exclusively with Rabobank. Interpolis 'Glashelder' (crystal clear) makes people's lives simpler when it comes to insurance and the focus is on what is really important to our customers.

achmea Pensioenservices

Achmea Pensioen Services administers pension schemes for company, occupational and voluntary sectoral pension funds and for the Centraal Beheer General Pension Fund (GPF).

achmea Investment Management

Achmea Investment Management offers asset management solutions and investment propositions for retirement services and serves both institutional and private investors.

achmea Bank

Achmea Bank provides solutions for capital accrual and buying a home via its simple and transparent mortgage and savings products.

syntrus | achmea

Syntrus Achmea Real Estate & Finance invests in real estate and mortgages on behalf of pension funds, insurers and charities.

FBTO

At FBTO the emphasis is on freedom of choice. It offers customers the option of putting together their own ideal insurance policy.

avéro | achmea

Avéro Achmea is the primary brand for property & casualty and income protection insurance via the brokerage channel.

inshared

InShared is the all-round online insurer. InShared pays out an End-of-Year reward if less than 80% of the premium is claimed as damage or loss.

HAGELUNIE

Hagelunie is an insurance company that was founded by market gardeners and has been insuring greenhouse businesses for over 80 years.

De Friesland

De Friesland Zorgverzekeraar has been operating in the Dutch province of Friesland for over 200 years.

Woonfonds

Woonfonds has been selling mortgages to retail customers via independent advisors since 1973.

eurocross assistance

Eurocross Assistance is the Dutch emergency response centre specialising in global medical, mobility and personal assistance.

PRO LIFE zorgverzekeringen

Pro-Life Zorgverzekeringen operates on the basis of Christian principles and offers customers health insurance products.

International brands

EUREKO SIGORTA

In Turkey, Eureko Sigorta has a strategic partnership with Garanti Bank and sells non-life and health insurance products.

INTERAMERICAN

Interamerican Greece is an insurance company in Greece, providing non-life, health and life insurance products through the direct and / or brokerage channels.

Union Poisťovňa PART OF ACHMEA

Union Slovakia is a Slovakian insurer that provides non-life, health and life insurance through the direct and brokerage channels.

achmea Farm Insurance

Achmea Farm Insurance operates in Australia and primarily provides insurance products for Rabobank customers.

Onlia

Onlia operates in Canada and provides online car and property insurance.

2021 IN BRIEF

JANUARY

Interpolis launches Autodiefstal Barometer
Interpolis helps to reduce the risk of car break-ins via its Autodiefstal Barometer and offers practical tips for prevention.

FEBRUARY

Snowstorm Darcy has a huge impact on agricultural customers
Achmea works to help agricultural customers that have suffered severe damage from snowstorm Darcy and pays out tens of millions in compensation.

FEBRUARI

Geldfit Zakelijk informs and helps businesses with financial assistance
Queen Máxima is guest of honour at the Geldfit Zakelijk webinar, an initiative of Centraal Beheer that offers businesses financial assistance. In total, thousands of businesses were informed or further supported.

MARCH

Zilveren Kruis works with St Antonius hospital on E-health
Zilveren Kruis and St Antonius hospital join forces to tackle soaring medical expenses and the shortage of medical staff. Further expanding E-health solutions enables patients to receive more appropriate healthcare remotely.

APRIL

New Chair Executive Board
Bianca Tetteroo succeeds Willem van Duin as Chair of Achmea.

JULY

Flooding in Limburg
Achmea is quickly on the spot to help customers in Limburg and support them in finding appropriate assistance.

AUGUST

InShared now also in Germany
Achmea reinforces its online ambitions by offering car insurance in Germany as well using the InShared model.

SEPTEMBER

Reforestation for a better world
Together with Land Life Company, Achmea has started a reforestation campaign to compensate CO_2 emissions from Achmea's operations.

NOVEMBER

Achmea announces partial share repurchasing
This repurchase of the ordinary shares held by two minority shareholders, worth approximately €131 million, simplifies Achmea's shareholder structure and was completed in 2021.

NOVEMBER

Achmea uses its provisions to restrict increase to Health premiums
Achmea uses almost €400 million of its reserves to restrict the increase to health insurance premiums for its customers.

DECEMBER

Achmea joins the Net Zero Insurance Alliance
Achmea endorses its sustainability ambitions and joins the Net Zero Insurance Alliance. Ambition: full climate neutrality no later than 2050.

OUR PURPOSE

'Sustainable Living. Together.' the Achmea way

Achmea was founded more than 210 years ago when a group of farmers banded together to make themselves more resilient in the event of disaster striking. We are still by and for our customers, even today. In response to the needs of modern life, we are evolving from an insurer into a financial service provider.

In keeping with our cooperative identity we strive to create a society in which everyone can participate. We believe that this will ultimately yield greater happiness for the individual and for all of us. Sadly, this so often turns out not to be the case. Too many groups find themselves excluded for all kinds of reasons. We believe change is possible and want to work to achieve this.

Although we literally live together in our densely-populated country, our sense of community seems to be dwindling. There is growing polarisation in the once tolerant Netherlands. This is leading to greater conflict and less social well-being. We want to bring people closer together again. Life is more enjoyable, healthier and safer that way. With this in mind we set out our revised vision in 2021: Sustainable Living. Together.

Social issues in four domains

Our ambition is to create sustainable value for our customers, our employees, our company and society. We do this based on our mission to solve major social issues together. In doing so we focus on four domains:

- Bringing healthcare closer
- Smart mobility
- Carefree living & working
- Income for today and tomorrow

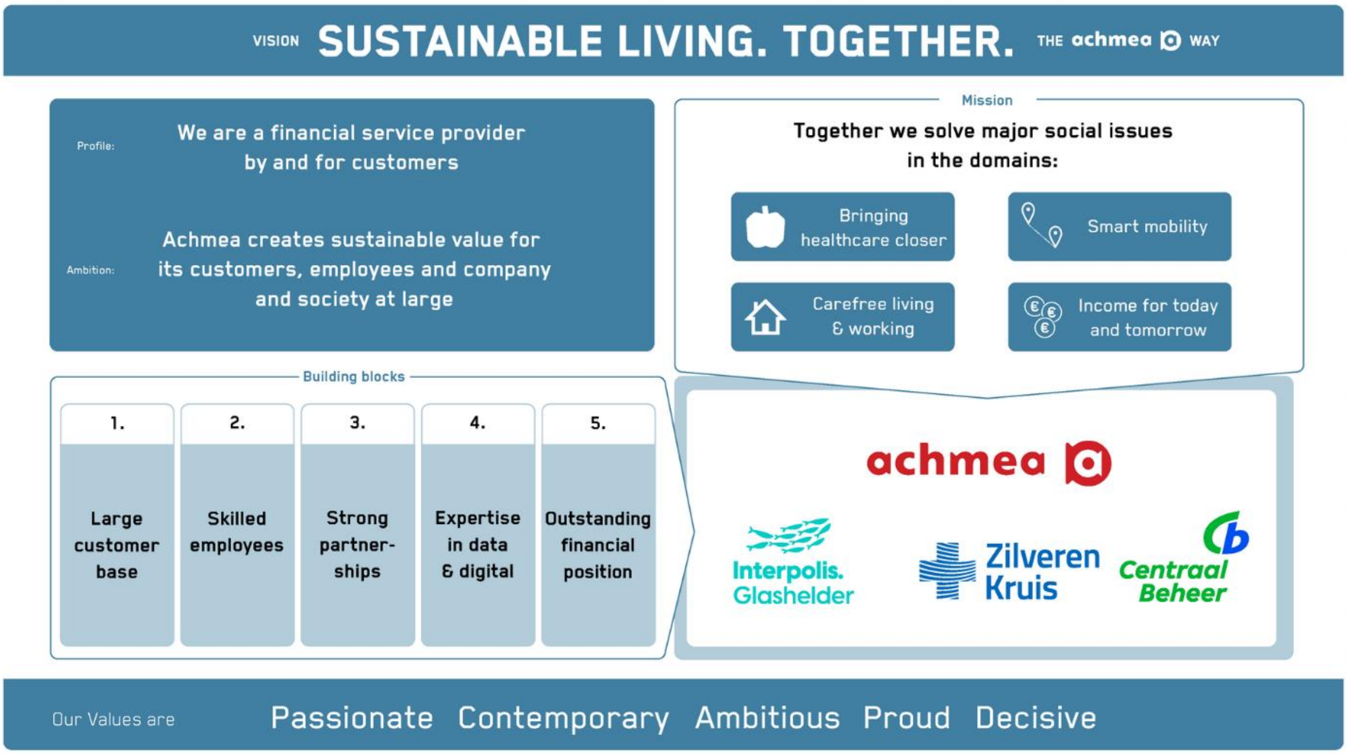
These domains are aligned with our activities and competencies. Within these domains we periodically select a number of tangible social issues for closer scrutiny. Here, we target issues that affect large numbers of people and have a significant impact.

We adopt a visible position on the selected social issues from our four strong brands Interpolis, Zilveren Kruis, Centraal Beheer, and Achmea. Of course we cannot solve every single issue in one go and certainly not alone. We enter into dialogue with our customers and partners and challenge ourselves to come up with solutions. One example of this is our fireworks campaign and the call to submit ideas for new traditions.

Climate, diversity and inclusion

Among other things, sustainable living together according to Achmea means an acceleration on our part on climate, diversity and inclusion. Sustainability and inclusion play important roles in the choices we make.

Climate change is a key sustainability theme containing major social, economic and financial challenges. The effects of climate change are visible all around the world, from bushfires in Australia and California to lengthy periods of



OUR PURPOSE

drought, extreme precipitation and flooding in Limburg. It is essential to restrict the increase in global temperatures to 1.5 2 °C compared to 1990 in order to avoid us facing uncontrollable risks.

Sustainable value creation also means that we assume responsibility in order to contribute to achieving the global climate goals. As an insurer and financial service provider, we contribute to resilience to the risks posed by climate change and want to support the energy transition. We are committed to achieving climate-neutral business operations in 2030, climate-neutral investments in businesses in 2040 and a climate-neutral insurance portfolio no later than 2050. And via our products and services such as solar panels and green roofs we help our customers to become more sustainable.

Everyone is entitled to equal opportunities. As an employer, we want to be an accurate reflection of Dutch society and aim to create an inclusive culture in which we embrace diversity.

The above interpretation of sustainable living together is in line with the expectations our stakeholders have of us. Climate change, responsible investment, sustainable products and services and solidarity & inclusion are all listed as material topics in our survey of stakeholders. These topics therefore play a role in the solutions we seek to social issues in the four domains.

Sustainable Development Goals

By solving social issues in the four domains and via our sustainability programme, we contribute to achieving the United Nation's Sustainable Development Goals (SDGs). These 17 SDGs form the 2030 Agenda for Sustainable Development. We believe it is important to participate in this agenda. In 2018, we selected three focus SDGs: SDG 3 (Good health and well-being), SDG 11 (Sustainable cities and communities) and SDG 13 (Climate action). These SDGs are closely related to the four domains we focus on based on our mission, are close to the core of our company and can encourage innovation and growth.

Our core values

In refining our purpose we have also given our core values a fresh interpretation: Passionate, Contemporary, Ambitious, Proud and Decisive. These values demonstrate how we work as Achmea, how we treat each other, what we want to be and what we challenge each other on. They form the foundations for all our actions.

We are moving from working together to restrict risk to living together to accomplish tangible results for customers and society. By being passionate and contemporary but also decisive. By displaying ambition and being proud of our company.

OUR VALUE CREATION

Input

Customers tell us what they need, deposit premiums and capital and pay for our services.

- Gross written premiums: €20,026 million
- AuM Achmea Investment Management: €220 billion
- AuM Syntrus Achmea: €40 billion

Employees put their talents to use on behalf of our customers and our company.

- Number of employees: 14,652
- Number of internal FTEs: 14,800

Business partners use their competencies and work with us on distribution, propositions and impact on social domains.

Capital providers, including Vereniging Achmea, Rabobank and other parties, provide the funds and financing to invest in our business model.

- Total equity: €10,633 million
- Loans and borrowings Achmea B.V.: €1,493 million
- Banking customer accounts: €6,745 million

SUSTAINABLE LIVING. TOGETHER

THE achmea WAY

Achmea creates sustainable value for our customers, employees, company and society at large.

Our core values

Passionate • Contemporary • Ambitious • Proud • Decisive

Our brands

achmea • Interpolis. Glashelder • Zilveren Kruis • Centraal Beheer

Our building blocks

Large client base • Skilled employees • Strong partnerships • Expertise in data & digital • Outstanding financial position

Our activities

Insurance • Asset management • (Financial) services

OUR VALUE CREATION

Output

In addition to state-of-the-art services, **customers** receive insight into today's and tomorrow's risks. We are also working on sustainable solutions for mitigating and dealing with risks and asset management.

- Claims and benefits paid: €19,328 million
- rNPS property & casualty retail market: Interpolis +20, Centraal Beheer +28, Zilveren Kruis +8
- Customer satisfaction scores property & casualty business market: Interpolis +7.5, Centraal Beheer +8

Employees enjoy a flexible and healthy working environment and good opportunities for personal and professional development.

- HR expenses (incl. education): €1,543 million
- Gender diversity: Directors' Council 22% and senior management 32%
- Employee Engagement Survey score on Vitality: 7.2
- Employee Engagement Survey: our team works well together in the supply chain: 7.5
- % of vacancies filled internally: 50%

Business partners collaborate successfully with us in sections of the value chain. A variety of partners, including core business partners (Rabobank), innovation partners (e.g. InAdmin RiskCo), International partners (e.g. Onlia and Fairfax) and social partners (e.g. SchuldenLabNL).

Capital providers receive financial compensation for invested capital.

- Operational result: €585 million
- Gross operating expenses: €2,132 million
- Proposed dividend on ordinary shares: €0.46 per share
- Solvency II ratio: 214%

Value for stakeholders

We offer **customers** reassurance on their future financial situation. Our products help to protect them, their families and their property and to overcome (financial) setbacks. We also provide mortgages and a stable source of income on retirement. We provide insight into risks and enable customers to make decisions about which risks they do or do not wish to insure in light of their personal circumstances.

In addition to income, we offer **employees** broad and long-term employability inside and outside Achmea, including the option of developing their personal talents. Here we devote particular attention to a sound work-life balance by giving employees the opportunity to combine work, education, care and leisure.

We offer **business partners** (including Rabobank) sustainable growth, innovation and performance that we create together. In collaboration with this wide variety of partners we want to solve those social issues that are aligned with our profile and competencies.

We offer **capital providers** a solid and sustainable return. We efficiently manage the assets in our insurance portfolios while controlling risks, taking sustainability aspects into account wherever possible.

Value for society

Sustainable Living. Together In keeping with our cooperative identity we strive to create a society in which everyone can participate. Sustainability/climate and social equality (inclusion and diversity) play important roles here. Together with our partners we want to solve major social issues in four domains:

Bringing healthcare closer From a broad perspective on health we encourage and help policyholders to live and work more healthily. If policyholders require healthcare, we help them to arrange this close to home. We want to keep healthcare affordable for as many customers as possible at a competitive premium.

Smart mobility In the enormous mobility transition from ownership to use and from fossil to green, via insurance and services (incl. aimed at prevention) we want to offer consumers and businesses greater convenience, reliability, personalised service and speed. We base this on data and smart models and systems.

Carefree living & working
The climate agreement has triggered an enormous sustainability transition for both existing and new residential and commercial properties. People want to be able to live and work in a comfortable and safe environment. Long-term employability in a comfortable and meaningful setting is also important.

Income for today and tomorrow
With insight, overview and comprehensible products we advise pension funds, and as a coach we help people make prudent financial decisions throughout their life-course so that they have the financial resources to overcome setbacks, not just today but in the future as well.

This part of the annual report describes the environment in which we operate, the most important developments and trends in it, as well as the main themes for both our stakeholders and Achmea. This serves as input in setting our strategy, which we explain in the final chapter.

CONTEXT AND STRATEGY

OUR ENVIRONMENT: TRENDS AND DEVELOPMENTS

Since March 2020 we have been living in a world in which Covid-19 dictates the rhythm of our lives. Where we work, what we do in our free time and whether our children can go to school. In the wake of initial optimism about the rapid development of effective vaccines, we face new waves and mutations. And have to accept policy measures aimed at easing pressure on healthcare services. We are now entering a phase where we are learning to live with the virus and where we are making healthcare and our society more resilient to pandemics.

Covid-19 has also led to a number of multi-year trends gathering momentum and to the exposure of unexpected divisions in society. In this chapter we outline significant developments in the world around us as we see them. We have subdivided these developments into five groups (see figure below).

Covid-19: Impact on healthcare and society

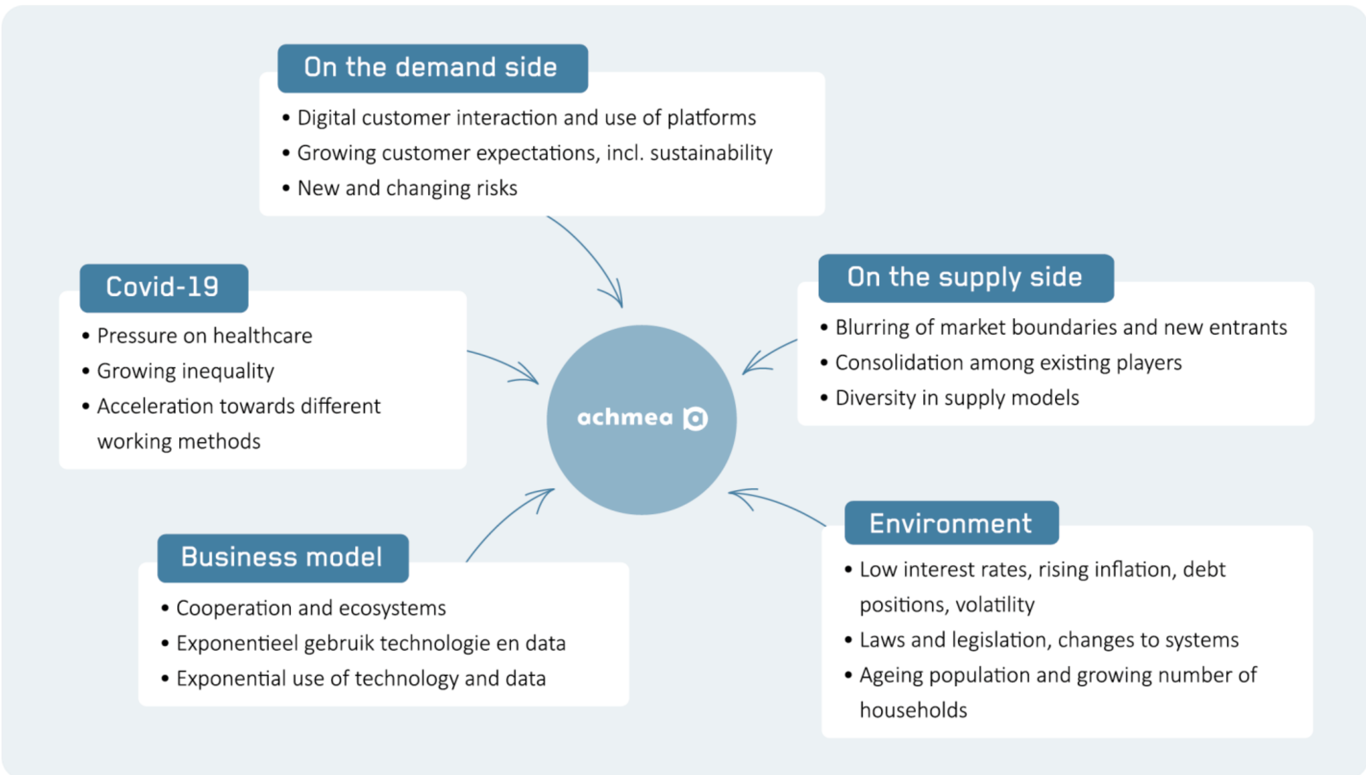
First and foremost the Covid-19 crisis has an enormous impact on the health of individuals, which in turn exerts a huge amount of pressure on healthcare and everyone who works in it. Yet Covid-19 is leaving a much wider mark on society. Inequality started to grow during the crisis. Fresh divisions have arisen, such as between those who are in favour of vaccines and those who are against them. And trust in politicians has dropped to a new low, in part due to the Dutch childcare benefits scandal.

In our day-to-day lives we embrace different forms of cooperation and people are increasingly opting to live further away from their workplace. From a historical perspective the bankruptcy rate is low: the impact on businesses and workers of reduced opening hours and mandatory closures is so far not as bad as expected. It is not yet clear which trends will turn out to be permanent or what impact Covid-19 will have on the economy and society in the long term.

On the demand side: Customers increasingly want digital and sustainable solutions

The risks our customers face are changing; cybersecurity and risks relating to climate change are becoming more relevant. Customer needs are changing as a result of this and insurers can respond with propositions based on insurance and services.

Covid-19 has led to a further acceleration in digital customer service, directly or via platforms. Customers are used to switching seamlessly between their tablet and their mobile phone. We are encountering high expectations from customers in other areas too. There is a growing appreciation for companies that contribute to society, in terms of sustainability or in other ways. We are also seeing a change in the risks our customers face; cybersecurity and risks relating to climate change are becoming more relevant. Customer needs are changing as a result of this and insurers can respond with propositions based on insurance and services.



OUR ENVIRONMENT: TRENDS AND DEVELOPMENTS

On the supply side: New entrants and different supply models

On the supply side, market boundaries are becoming blurred and new entrants are emerging on the Dutch insurance market. These include foreign insurers and investors, but also tech companies and insurtechs. This leads to further consolidation in some sections of our market. A wider variety of supply models is being created as well, from niche players to broad providers, and from traditional to fully digital players.

Environment: Low interest rates, new legislation and demographic trends

The ageing population and growth in the number of (single-occupancy) households will affect demand for retail insurance policies. Growing inequality, the sense of not being heard or not sharing in progress could have a disruptive effect on society in the long term.

In the shorter term, the low interest rates, rising inflation, higher levels of government, business and personal debt, and volatility on the financial markets are affecting our customers and our company. Both in terms of direct results and uncertainty about future results. We are also seeing the impact of new laws and legislation, such as IFRS 17, Customer Due Diligence and changes to the healthcare and pensions systems, as well as climate-related regulations such as the Sustainable Finance Disclosure Regulation (SFDR).

Impact on the business model in the sector

The trends and developments listed here do not exist in isolation; they exacerbate each other and some trends have been accelerated by Covid-19. Changes relating to new technologies and the use of data are occurring at an ever faster rate. Prevention and services are becoming increasingly important in the sector. A growing number of companies are working in partnerships in order to meet the demands of customers and society. This therefore also affects the business model in the insurance sector and beyond. Insurers and financial service providers will need to respond to these trends. We are also seeing growing numbers of businesses thinking about how they can contribute to society: their vision. Not only because their customers demand this, but also so they can appeal to a new generation of workers on the job market.

Impact on Achmea

The trends and developments are generating a challenging context that compels us to anticipate and react on an ongoing basis. In a joint survey with our Eurapco partners, these trends and developments were used to formulate six tangible strategic ambitions for insurers.

1. Put your purpose into practice: we have refined and simplified our purpose. As part of this we have initiated a process to select a number of social issues and we will spend the next few months working on solutions to them.
2. Renewed customer interaction: from our primary brands we are optimising our customer contact centres, constantly re-examining the best ways to be in touch with our customers depending on their needs at that moment. This meant, for example, that we wanted to be on the spot to assist our customers during the floods in Limburg. We will continue to develop our omni-channel approach by adding new channels and expanding self-service options.
3. Make customer behaviour (prevention) an integral component of propositions: prevention is already a component of many of our propositions. We will further reinforce prevention by linking it to four social domains.
4. Test new ways of working: hybrid working has been an option at Achmea since 2000. We have revised our vision of the Future of Working, with a modified office design and partly aimed at supporting our teams through use of data.
5. Ensure a frictionless experience, nothing more and nothing less: to this end we are building further on our competencies in data and digitisation. We strive to provide an optimum service to our customers and reliable information via all the channels, even if customers switch to a different channel in the interim.
6. Resolute action against climate change: over the past year we have set ourselves climate ambitions and will work to implement these in the next few months.

These tangible actions form part of our refined strategy (more on this in the chapter Our strategy).

ROOF TILE NETWORK

Achmea receives thousands of extra claims when a strong storm or hailstorm hits. Many of these relate to broken roof tiles. As storms and hailstorms are expected to occur more frequently due to climate change, in response Achmea has set up a roof tile network. The Roof Tile Network (Netwerk Dakpannen) ensures that extra capacity is available in the aftermath of extreme weather to repair damage to roofs, such as replacing roof tiles that have blown off.

Centraal Beheer Interpolis. Glashelder FBTO avéro | achmea

IN DIALOGUE WITH OUR STAKEHOLDERS

We maintain contacts with many different stakeholders: our customers, partners, employees, capital providers (including shareholders), social organisations, interest groups and supervisory authorities. We do this in many different ways. There are direct contacts between our customers and employees via customer service centres. In addition, there are structural contacts via customer councils, policyholder councils and Vereniging Achmea and we organise roundtables and hold online surveys.

Each year, Achmea's directors conduct wide-ranging meetings with our external stakeholders on social themes during a 24-hour Directors' Council. In a repeat of 2020, we were again unable to hold this in 2021 due to the Covid-19 restrictions. Given that a reasonably consistent picture has emerged in the past few years of those themes identified as important, we decided to take the input from previous years as our starting point. We feel that recent developments and insights do not change this picture.

Achmea's options for action on social themes were also discussed with Vereniging Achmea (see box text) in theme-based working groups in 2021. Members of Vereniging Achmea and Achmea employees work together in these groups. In 2020 there were theme-based working groups for health & vitality and physical & social safety and security. These themes were discussed in three working groups: The whole of the Netherlands vital, Burglary-free Netherlands and 'Buurtkring'. The recommendations of these working groups were presented to the Council of Members of Vereniging Achmea in July 2021 and discussed in the Executive Board. The approach and recommendations are aligned with Achmea's strategy of working together with its partners to solve social issues. The theme-based working groups 'Sustainable living for all', 'Long-term employability' and 'Businesses quickly up and running again' were installed in September 2021.

Employees are continually consulted via work and team meetings and regular contact with managers. Achmea also has a number of works councils and a Central Works Council. Discussions on terms and conditions of employment take place during meetings with trade unions. An annual Employee Engagement Survey is also held.

We talk to our business partners during bilateral business meetings. In addition, via the Achmea initiative 'De Kamer' we hold meetings with our corporate customers and experts with a view to exploring the future of the Netherlands together. In doing so we exchange ideas on social themes. From 2020 the theme is Civilisation in Balance. Alongside the meetings, De Kamer connects participants via publications and interviews that are collected together to form a book each year. We published the first book on the Civilisation in Balance theme in 2020. Fewer meetings were held than in previous years because of the Covid pandemic, but board members remain as enthusiastic as ever about participating. Contacts with our shareholders, including Vereniging Achmea and Rabobank, are embedded in our formal governance process.

What do our stakeholders believe to be important?

Our stakeholder contacts tell us which themes the stakeholders believe to be most important to Achmea. We have summarised these in material topics. These are shown in

Vereniging Achmea strengthens the cooperative foundation of Achmea

Vereniging Achmea is the association for all our customers and our largest shareholder. It represents the shared interests of Achmea's customers. All of Achmea's customers are also customer members of Vereniging Achmea. Vereniging Achmea is a not-for-profit association and has the following goals, derived from its articles of association:

- To represent the shared interests of its customer members
- To ensure continuity of Achmea Group

Achmea operates at the heart of society and conducts dialogue on social themes. Input from Vereniging Achmea and its members is of huge added value here. The customer members are represented here by the Vereniging Achmea Council of Members. The Council of Members mirrors Achmea's overall client base as much as possible. The Board of Vereniging Achmea handles the matters that concern the Vereniging's policies and is appointed by the Council of Members. The Board requires the approval of the Council of Members for a number of important decisions. Customers therefore have a genuine say in Achmea's business operations via the Council of Members. This gives Achmea customers a unique position compared to the customers of many other companies.

Our partnership with Vereniging Achmea therefore helps to determine our cooperative identity as an insurer. Cooperative values, such as solidarity, cooperation, having a say and the influence of customer members, continue to apply in full.

IN DIALOGUE WITH OUR STAKEHOLDERS

a materiality matrix. This demonstrates on the Y axis how stakeholders and Achmea rate the importance of a topic. The importance of each topic is defined based on the meetings and surveys mentioned above. The X axis shows how Achmea assesses the extent of its impact on the topic. This is an estimate by Achmea that involves its vision, mission and strategy. Achmea's vision, mission and strategy contain those topics on which we can and want to have an impact. We have also examined the relative impact of each theme. Although a topic such as 'Climate change' is extremely important to both stakeholders and Achmea (high on the Y axis), the impact Achmea can have on it (X axis) is smaller than, for example, on the topic 'Sustainable products & services'. This is because external factors over which Achmea has no control play a major part in climate change.

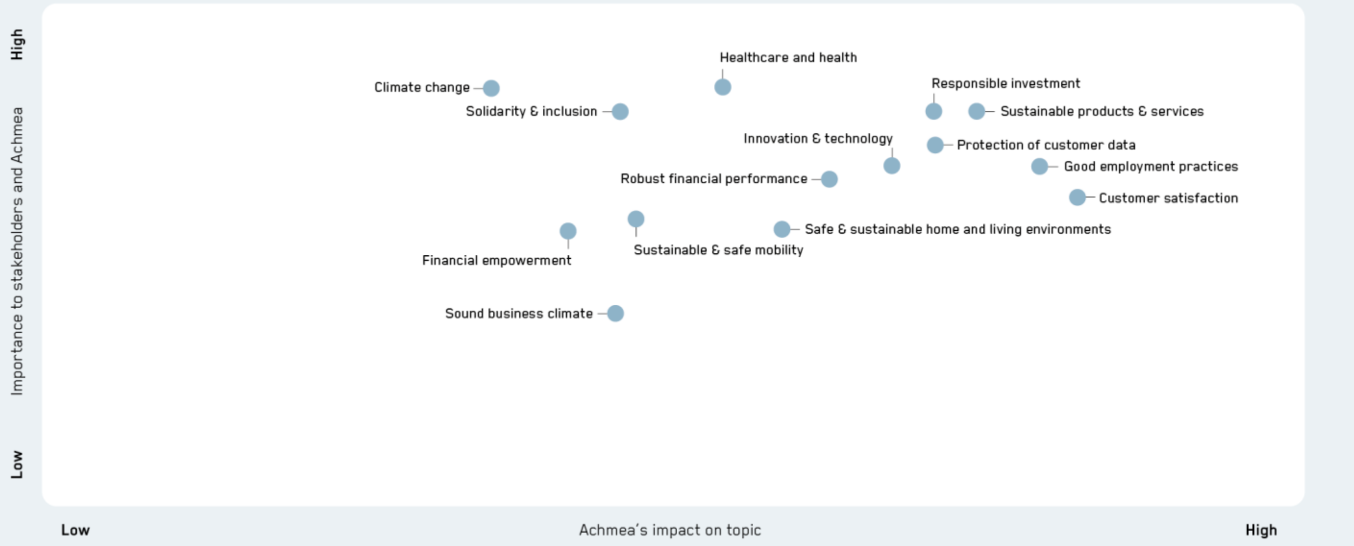
The 2020 materiality matrix was used as a basis for the 2021 version. Over the past few years we have seen a consistent picture of the topics our external stakeholders find important. The results of the 2020 online stakeholder survey confirmed that picture. The fourteen material topics are aligned with our strategic focus. Our conclusion is that 'Healthcare and health', 'Climate change' and 'Responsible investment' are and will remain important topics.

We further refined Achmea's vision in 2021: Sustainable Living. Together (see chapter Our purpose). In 2021 we also formulated our transition strategy for achieving climate neutrality. This is aimed at making our customers and society more resilient to the consequences of climate change and stimulating the transition to a climate-neutral society (see chapter Our approach to climate change).

The abovementioned developments resulted in us making minor adjustments to the matrix. In keeping with our purpose, the topics 'Solidarity & inclusion' and 'Sustainable & safe mobility' have been allocated greater importance on the Y axis and are now more in line with the other important topics 'Sustainable products & services' and 'Responsible investment'. Given our updated vision, we have awarded the topics relating to our domains and building blocks a higher score on the X axis.

A description of the material topics is given in supplement G. Connectivity table: this depicts how the material topics are embedded in our vision/mission (domains) and building blocks. How we have incorporated these topics into our strategy is outlined in the chapter entitled Our strategy. In the Our objectives and results section we list examples of how we deal with these material topics.

MATERIALITY MATRIX



OUR STRATEGY

THE SUM OF US

As part of our revised 'Sustainable Living. Together' vision we have spent the past year finetuning our 'The Sum of Us' strategy. Our strategy ensures that we are there for all our stakeholders: our customers, our employees, our partners and communities. We are joining forces, both internally between the different segments and with external partners. We are investing further in innovation, technology and data so that we can continue to provide an optimum service to our customers. Via our products, services and insights we help our customers to make their homes and businesses more sustainable and to prevent (climate-related) damage or loss wherever possible.

Our strategy aims to make even better use of the economies of scale and synergies generated by Achmea as a whole. As a group we have a shared mission and common ambitions that derive from a streamlined purpose. We are achieving synergy in fields such as IT, digitisation, commercial excellence, sourcing, asset management and ESG policy. We are expanding our core business. In doing so, from the Pension & Life business we aim to accomplish growth in the open portfolio and are releasing capital from the run-off of the service book. At Health, our aim is to serve a structural client base of 5 million policyholders. At Non-Life we anticipate major contributions in the direct channel from Centraal Beheer in the retail customer and SME markets, as well as from FBTO in the retail customer property & casualty market. At Interpolis we are expanding our position in the retail customer and SME markets with Rabobank.

In addition to bolstering our core business, we are investing in growth at Retirement Services and our international activities. The focus at Retirement Services is on autonomous and non-autonomous growth in the institutional market. Outside the Netherlands we are focusing on growth in those countries in which we already operate and profiting from knowledge sharing within the group. At InShared we are exploring new markets, including Germany. And finally, we are taking advantage of strategic options as and when they arise, both in the Netherlands and abroad.

ACCELERATION

The trends and developments in the world around us demand an acceleration. What sets us apart today will be commonplace tomorrow. New entrants are setting the tone with disruptive innovations and challenging us, as a market incumbent, in a variety of areas. This requires a constant focus on improvements, trends and innovation on our part so that we can continue to lead the way and distinguish ourselves from our competitors through our services to our customers.

To accelerate implementation of our strategy, in 2021 we devised a number of group-wide initiatives. Via these initiatives relating to efficiency, cost savings and growth, we aim to make our company more effective, create more synergy and capitalise more on the economies of scale offered by the group. We will implement these initiatives over the next few years.

In doing so we will structurally increase our operating income and create financial leeway for investing in value creation for all our stakeholders: 'Save to invest to grow'. Leeway to invest further in e.g. technology, customer service and services, in proposition development and innovation. For instance, over the next few years we will take additional steps to consolidate Achmea's position on the market and accomplish our social ambitions in the four domains. This is our way of realising our purpose.

THE FIVE BUILDING BLOCKS OF OUR STRATEGY

Large client base

Achmea occupies a robust position in the market. Our brands and broad product portfolio enable us to reach and retain an extremely large group of customers. We are excellently placed in mobile, online and banking services. We are proud that our customers generally rate our services highly and are loyal. It is precisely because of our size that we are able to achieve synergy and efficiency and create capacity to invest in the ongoing development of products and services. This is how we remain relevant to customers and enables us to attract more customers who deliberately opt for one or more of our brands, buy more products from us and are even more satisfied with our services.

We aim to accomplish this by continuing to work in a strongly customer-driven manner. Our company was not just founded by and for customers, our robust position in the direct sales channel gives us an inside perspective on customers that we can then convert into customer-relevant services. No other financial service provider in the Netherlands has such a unique combination of products and services as Achmea. We can better serve our customers and connect domains by working more closely together within Achmea and with our partners. Using the full breadth of our products, services and distribution strength enables us to develop new combinations of products and services at the interface where income and health, healthcare and living, and financial solutions meet.

Professional employees

The commitment and enthusiasm of all our employees is crucial to accomplishing our strategy. An unlimited focused training and education budget provides our employees with every opportunity for learning, improves employee skills in

OUR STRATEGY

data and technology and enhances awareness of our cooperative identity. We also offer employees an environment in which they can contribute to solving social issues. By doing so we encourage creativity and innovation that derive from our stated vision. Furthermore, we are developing new working methods in order to facilitate working from home.

We want the professionalism of our employees to shine through and for customers to notice this. Via our revised Achmea values (Passionate, Contemporary, Ambitious, Proud, Decisive) we are committed to further expanding and capitalising on our professionalism. An ideal combination of what we do – professionalism – and how we do it.

Strong relationships with partners

We work together with partners in order to assist customers better and come up with joint solutions for social issues. Achmea believes you can achieve more together than you can alone. Especially with partners that aspire to roughly the same goals and share the same values but have additional competencies. We prefer to accomplish more together than just an acceptable result.

Together with partners we are creating an even broader range of products and services, as well as boosting our future distribution capacity. This will also allow us to play a more significant role on the platforms that customers use. Rabobank is and will remain an important partner for us. Via Interpolis we aim to become even more relevant to Rabobank customers. We are using our partnership even more widely in order to consolidate our joint position in the market.

Through the acquisition of InAdmin RiskCo we aim to set up the digital pension platform of the future in collaboration with PGB. We are working together with Royal Haskoning DHV to make healthcare real estate more sustainable. And via our partnerships with tech companies such as Microsoft we are working to improve our expertise in data & digital. We will continue to collaborate with strong partners to achieve our ambitions outside the Netherlands as well.

Expertise in data & digital

Use of data is crucial to serving our customers properly. We use data to rejuvenate our propositions and services, to offer a relevant personalised digital customer service and to improve our business operations. We plan to make smarter use of new technology and data in order to structure our processes more efficiently. The next few years will be spent upgrading our in-house expertise in data and digitisation. We will do this by applying the same working method throughout our organisation and by fully capitalising on the options presented by our technology platform.

The Microsoft Azure cloud forms the basis for this platform. Cloud technology offers us scalability, new functionalities and flexibility on expenses. On top of this, it enables us to rationalise legacy systems and infrastructure.

As a financial service provider we have a responsibility to treat the data entrusted to us carefully and transparently. We aim to use data in an ethically-sound manner, in the interests of our customers. A good example of innovation based on data and digitisation in the interests of our customers is offering remote medical care via video calls and telemonitoring. These enable us to improve our services and offer our customers greater convenience.

Excellent financial position

We need a sound financial basis in order to accomplish our social ambitions. Our customers, employees, shareholders, regulators and rating agencies expect us to occupy a robust financial position. We seek to further improve our financial results, generate more capital and - backed up by balance sheet optimisation - free up a larger amount of capital. We are accelerating our strategy by formulating group-wide initiatives aimed at doing things smarter, faster and more efficiently. This will create greater capacity for investing in growth and innovation as well as solving those social issues that are aligned with our cooperative identity. All this is summarised in our value creation model (see chapter Our value creation). This will allow Achmea to remain financially robust, flexible and resilient, yet still take into account who we are. All the while applying enough caution to withstand volatility on the financial markets and in our results.

This section of the annual report provides insight into Achmea's objectives and results throughout 2021. We do this for the individual stakeholder groups listed in the chapter Our value creation and based on the themes discussed in the chapter Our strategy. In addition, we list the initiatives to contribute to the SDGs.

OBJECTIVES AND RESULTS

HOW WE CREATE VALUE FOR OUR CUSTOMERS

INDICATOR	2021	2020
Relational NPS retail market		
Interpolis Non-Life[1]	+20	+20
Centraal Beheer Non-Life[1]	+28	+23
Zilveren Kruis[2]	+8	+3
Customer satisfaction scores commercial market		
Interpolis Non-Life[3]	7.5	7.7
Centraal Beheer Non-Life[3]	8.0	7.8
National average for sub-market[3]	7.6	7.6

1 Average NPS over four quarters based on a customer satisfaction survey by the MarketResponse commissioned by Achmea

2 Based on a survey by MarketResponse, Klantenmonitor Zorgverzekeringen, as per April 2021 and 2020

3 Based on a survey by MarketResponse commissioned by the Dutch Association of Insurers (Verbond van Verzekeraars), Customer Satisfaction Survey Business 2021 and 2020

Via our brands we want to be a trendsetter in our products, services and customer service. We want to make our propositions (even more) accessible by using modern distribution channels, with digital and personal interaction. Technology and data are helping us to accomplish this. We not only provide insight into and an overview of risks and the options for risk-sharing, but also solutions that allow us to help customers or contribute to social and sustainable goals. We increasingly do this by combining insurance policies with services that resolve or prevent the problem.

CUSTOMER CENTRICITY AND MUTUAL TRUST FORM THE BASIS FOR OUR ACTIONS

We want to know what issues are relevant to our customers, what concerns them and set to work with their interests in mind. We want customers to recognise this, to trust us and be willing to share data with us out of enlightened self-interest. We involve our customers in improving our services by consulting with them (e.g. via our customer panels and customer councils), by handling complaints to the best of our ability and picking up on signals from customers. Achmea monitors its progress on important themes by conducting its own assessments. We also use a Net Promoter Score (NPS) to measure customer satisfaction with the services of our brands. This score indicates whether customers would recommend our brands. We also measure how our customers rate us via customer satisfaction surveys.

Customers know they are in safe hands with our propositions

Via our insurance policies and services, we aim to offer customers sound and accessible solutions for dealing with uncertainties. We want to align our services with what customers want and need, to communicate using a variety of channels and to focus on what is important to each individual customer. We provide insight into risks and enable customers to make decisions about which risks they do or do not wish to insure in light of their own personal circumstances. Over the past year, the individual brands have focused on improving their digital customer service. This involves innovation and enrichment based on an omnichannel concept (i.e. blanket application across several channels). Among other things we are working on our digital capabilities, infrastructure, platforms and apps. We help institutional clients via services relating to pension administration and asset management. Our group's unique composition enables us to meet the needs of our customers in the best possible way.

The Sum of Us: flooding in Limburg

The floods in Limburg caused our customers untold damage and suffering. Only one thing counts in such situations: putting everything else aside in order to offer personal assistance. We were immediately on the spot in Valkenburg to offer affected customers personal assistance and answer their many questions. In a short time we were able to process many hundreds of claims. We see it - especially in this unique situation - as our social duty to help people. Retail customers are normally covered for flood damage via their building and contents insurance, but the same cannot be said for businesses. Achmea stepped up for its business customers and helped them submit their claims to the government's disaster fund. This was set up in the wake of the flooding. As a result, it was not immediately clear which claims would be covered by the fund. Via Achmea, business customers were able to arrange their claims for material damage, equipment and stock in advance by means of a deed of assignment. For retail customers we had already expanded the cover to include flood damage from secondary flood defences back in June 2021.

HOW WE CREATE VALUE FOR OUR CUSTOMERS

Customers have a sense of affinity with our brands

Customers are familiar with our brands, know what makes them stand out and often feel they have a strong connection to them. We aim to strengthen that connection by being relevant and setting ourselves apart, precisely at those times when it matters most to our customers. Customers are satisfied with the products and services offered under Achmea brands. This is demonstrated by the customer satisfaction surveys held in 2021. In a further indication of our customers' satisfaction, our brands also won several awards in 2021 and received excellent scores in (customer) surveys.

Self-regulation

The system of self-regulation within the Dutch Association of Insurers comprises company regulations, covenants, protocols and codes of conduct. This was revised in 2020. Since then, a distinction has been made between process-oriented codes and what are known as the Key Customer Centricity Codes. The process-oriented codes in particular provide for a uniform modus operandi at insurers and are tested periodically using self-assessments. The Key Customer Centricity Codes relate to how privacy-sensitive data is treated, the clear disclosure of information, anti-fraud measures and proper processing of claims and complaints. Or, for example, the Ethical framework for data-driven decision-making. More in-depth testing against these codes is conducted by the independent Stichting toetsing verzekeraars (foundation for testing insurers). In the past year Achmea's result were satisfactory on all the tested components. Any findings were resolved within the set period for remedying issues. The extra focus on customer centricity is demonstrated by Achmea's voluntary participation in the Quality Improvement Module of a number of codes. This extension to a survey focuses on safeguarding quality, transparency and communications, learning and improving and commitment from management.

Customer Centricity Platform

Management of the Customer Centricity programme was altered at the start of this year. Responsibility for a range of Achmea-wide Customer Centricity themes was moved to the owners in the segments as of 1 January 2021. These 'portfolio holders' on themes such as the Product Approval and Review Process (PARP), complaints and customer signal management and Trusted communications are responsible for the Achmea-wide implementation of their topic and the sense of connection to it. The Customer Centricity Platform was set up to support this. Chaired by the Executive Board, the portfolio holders meet each quarter to monitor whether we are still making the desired progress on the individual customer centricity portfolios and to discuss the (impact of) current developments in relation to customer centricity.

INTERPOLIS

Interpolis operates in the banking channel and works exclusively with Rabobank. Via its 'Focus on what's really important', Interpolis gives substance to the brand and its promise to customers. We believe in and work on the basis of a robust group of resilient customers. The relational NPS for Interpolis for Non-Life insurance for retail customers over 2021 is +20, the same score as last year. The Interpolis Alles in één Polis® (All-in-one policy) celebrated its 25th birthday this year. At over one million retail customers, it is Interpolis' most important proposition. The Alles in één Polis continued its digital progress in 2021: customers now receive their policy terms and conditions in digital format in their inbox. And customers were given more information about their house insurance via film clips on YouTube. We have helped our customers wherever possible during the coronavirus pandemic, for instance by extending continuous travel insurance to cover days out in the summer of 2021. The pilot ZekerVanJeData (data security) scheme was also launched. With assistance from partner EyeonID, ZekerVanjeData scans the 'dark web' 24/7 to check whether personal customer data can be found on it. The InBraakBarometer (burglary barometer aimed at prevention) was in the news a great deal last year, while the AutodiefstalBarometer (car theft barometer) could also be consulted. In addition, Interpolis went live with Elektrakeuring (electric wiring inspection). Read more on this in the chapter How we create value for society.

Over 100,000 businesses have now opted for the (online) small business proposition Interpolis Zeker Van Je Zaak. The liability insurance, legal assistance and building insurance components of this (online) proposition were given a five-star rating by MoneyView in 2021. Interpolis launched a new ZekerInBedrijf proposition for the agricultural sector. Via the Interpolis BedrijvenMonitor (business monitor) we provide insight into trends and developments in entrepreneurial Netherlands on Interpolis.nl. Each month we ask hundreds of freelancers and SMEs how their businesses are doing and for their opinion on current topics.

ZILVEREN KRUIS

Zilveren Kruis offers a health-related product portfolio containing customer-centric propositions involving not just paying and arranging for healthcare but also improving health in everyday life and work. The relational NPS for Zilveren Kruis climbed from +3 to +8 last year. We believe this is because we increasingly work from the perspective of the journey customers make through our services.

Our objective is for customers and group schemes to view Zilveren Kruis as the right choice for healthcare and for identifying the correct route. As an example, Zilveren Kruis has developed supplementary health insurance for a group scheme in the construction industry, specially developed for members of the Bouwend Nederland association. Working in construction brings specific healthcare requirements with it. The spearheads of the insurance policy are physical health, working irregular hours and working with (chemical) substances. From 2022, collective supplementary insurance policies will be available, which we want to develop further together with employers and employees. In the sector round tables, employers can contribute ideas about the collective offer and we will map out customer needs through employee surveys. These additional insurance lines must then offer additional reimbursements appropriate to the type of work carried out in the individual sector. This might include faster and/or more flexible access, such as shorter waiting times in the event of a hernia, better supplementary cover or innovations.

CENTRAAL BEHEER

At the Centraal Beheer brand the priority is to provide solutions: customers can turn directly to Centraal Beheer for insurance, savings and investment products, a mortgage and for useful services. On the retail side, Centraal Beheer did well at the Website of the Year 2021 awards by winning in the Insurers category. Its scores for customer satisfaction also improved; the relational NPS increased to +28 (2020: +23). We again launched a number of new services aimed at making life easier for our customers this year. Read more on this in the chapter How we create value for society. In addition, Centraal Beheer introduced a new sickness insurance tool that quickly shows customers which policy would best suit them.

On the business side, as in previous years Centraal Beheer succeeded in earning the highest customer satisfaction score in the Dutch market. This can be seen from the annual customer satisfaction survey of business insurers conducted by the Dutch Association of Insurers in 2021. In 2021 Centraal Beheer also launched a campaign including multiple utterances that indicate the aspirations of Centraal Beheer to always having a solution for businesses. Centraal Beheer also offers a variety of business services, such as a Business Premises Valuation, specific certifications relating to the installation and maintenance of technical systems, Assistance with debt collection and consultations with a legal expert.

Achmea’s first PSD2 consumer proposition pilot, the Makkie app, went live in a joint effort from Centraal Beheer and Achmea Bank. This app gives users insight into their financial headroom and provides options for investment via the app. Centraal Beheer's annuity and linear mortgage was awarded five stars by MoneyView in 2021 for its pricing. Customers of Achmea Bank who were unable to pay their mortgage because of the Covid-19 crisis had their repayments deferred until 31 March 2021, with the option of extending this period. This applied to Achmea Bank customers with mortgages granted by Centraal Beheer or Woonfonds. The deferral of repayments increases the chances of customers being able to continue living in their own homes. This is a solution that Achmea Bank offers to mortgage customers in financial difficulties.

OTHER ACHMEA BRANDS

FBTO

At FBTO the central focus is on giving customers a sense of freedom. This is why FBTO aims to offer insurance policies that remove obstacles so that people can seize the opportunities and chances in life. And FBTO has sold insurance policies for 65 years! FBTO developed product pages especially for freelance customers that clarify those situations in which a retail insurance policy also covers business items. Independent comparison website Autoverzekering.nl announced the winners of its Car Insurer of the Year Award 2021 in June. FBTO won in the vehicle liability WA plus category with a score of 9.2. It was also nominated for the prize that goes to the most customer-friendly insurer in the Netherlands. In 2021 FBTO made the app Air Doctor available for her customers. This service helps them to find a doctor abroad, based on their location, the cost, specialism, language and e.g. customer reviews. Air Doctor operates worldwide and has vetted tens of thousands of doctors and added them to its network. FBTO customers can make an appointment via the app. Furthermore, as part of the company’s growth ambitions in health, at the end of 2021 FBTO launched a new basic health insurance containing four supplementary modules to complement its two existing health insurance policies.

Avéro Achmea

Avéro Achmea is a firm believer in the value of advice. This is why Avéro Achmea only provides insurance and services for the business market that can be arranged via advisors. Podium went live this year, a new digital platform developed with and for advisors that aims to make the digital service as personal as possible. Read more on this in the chapter How we create value with and for our partners. Independent comparison website Autoverzekering.nl announced the winners of its Car Insurer of the Year Award 2021 in June. Avéro Achmea won in the All-risk insurance category with a score of 9.3.

InShared

At InShared the focus is on working together to create a fair insurance policy in which customers can do as much as possible themselves. And if there is any money left in the claims pot at the end of the year, this is paid back to customers via the end-of-year reward. Customer satisfaction survey shows that the amount of the premium and the end-of-year reward were particularly pleasing for people. As of August 2021 InShared also sells car insurance in Germany.

HOW WE CREATE VALUE FOR OUR CUSTOMERS

Achmea Pension Services

Achmea Pension Services (APS) has been repositioned over the past year, with on the one hand the expansion of services via the Centraal Beheer General Pension Fund (APF), company pension funds, sectoral pension funds and exempt sectoral pension funds and on the other the winding down of the sectoral pension fund services. The goal is to transform it into a fully digital pension provider. In doing so APS has set out its roadmap for the period up to and including 2025. The results of the annual customer satisfaction survey show that the overall rating for APS services is 7.8 (2020: 8.0). A number of leading funds, such as Ahold Delhaize Pensioenfonds (ADP) and Pensioenfonds voor de Huisartsen (SPH), have selected APS as their provider from 1 January 2022.

Syntrus Achmea Real Estate & Finance

Syntrus Achmea Real Estate & Finance (Syntrus Achmea) is all about Meaningful Investment: investing with a focus on people, environment and society. In the partnership between Syntrus Achmea and Zilveren Kruis the theme of living and caring for senior citizens has been broadened into a vision and put into practice (see box text below). The overall service level over 2021 was rated by our institutional investors at 7.8 (2020: 7.7).

Achmea Investment Management

In 2021 Achmea Investment Management (Achmea IM) experienced growth in the number of customers, both in terms of pension funds and at the Centraal Beheer APF. The New Pension Contract offers individuals greater freedom of choice and a different method of allocating returns. This demands new asset management solutions and appropriate data and IT infrastructure. Achmea IM worked with customers on developing these new solutions in 2021. Customers have already been notified of the adjustments that may be made in the short term, such as an adjustment to the investment beliefs, the role of long-term interest rate swaps and illiquidity in the portfolio. Customers awarded Achmea IM a customer satisfaction score of 7.7 (2020: 7.7).

Achmea International

Even though there were fewer vehicles on the roads during the Covid-19 pandemic, people continued to pay the full expenses for their cars. A pay-as-you-drive proposition was launched in Slovakia (Union) in a bid to retain customers. Furthermore, Union’s travel insurance was named the best travel insurance in Slovakia at the Golden Coin Awards. A national survey conducted by leading market researcher Metron Analysis confirmed Interamerican’s leading position on the Greek market and its broad acceptance among the general public. Interamerican is number one when it comes to ‘spontaneous awareness’, an important factor in research into brand awareness.

The Sum of Us: Joining forces on health and living

In 2040 the Netherlands is expected to have almost five million residents over the age of 65, 1.7 million of whom will be single. To be able to offer all senior citizens healthy and appropriate accommodation, at least 400,000 homes need to be built or converted in the period up to 2040. Syntrus Achmea and health insurer Zilveren Kruis have joined forces to tackle this social challenge. They advocate more communal living arrangements and healthcare around the home. SassemBourg in Sassenheim, De Kroon in Hilversum and de Makroon and Nieuwe Sint Jacob in Amsterdam are excellent examples of this. Communal living arrangements for senior citizens combined with healthcare functions on location. If we can offer a growing number of these alternatives, it is not just positive for senior citizens. It will also reduce pressure on (informal) care services and at the same time free up homes for first-time buyers and young families as, for example, senior citizens move out of their single-family houses. At the moment it is often the demand for care that dictates where someone lives: in their own home or in a care home. We want to reverse this. It is far better for people to receive care in their own homes than in the care system. Here we endorse the national ambition of creating one million new homes by 2040, but we add to it: make 400,000 of these lifetime homes.

HOW WE CREATE VALUE WITH AND FOR OUR PARTNERS

We work with a variety of partners in our drive to improve, renew and expand our range of insurance policies and services. We work intensively with our partner Rabobank, as we do with our international partners in Turkey and Canada. In addition there are partnerships relating to renewal and innovation, and we collaborate with brokers, care providers and organisations operating in the social domain. Our aim in working with all these parties is to create value for our customers and for society.

ACHMEA AND RABOBANK

The intensive collaboration between Rabobank and Interpolis/Achmea dates back several decades. Both companies have a cooperative background. Thanks to the Interpolis insurance policies, Rabobank is able to offer its customers a wide range of services. This has resulted in property & casualty, income protection, health and term life insurance portfolios of which we can be proud. We evaluate and improve our long-term partnership in an ongoing dialogue with Rabobank to ensure that together we can continue to meet the demands of our customers in the future as well. Via Interpolis, Rabobank offers a special package for start-ups that ensures they have liability insurance cover as standard, but also, where necessary, cover for supplementary professional liability, directors liability or construction all-risk (CAR) risks. The insurance policies for retail customers have been fully incorporated into Rabobank's Banking App, which makes online customer service easier. Together with Rabobank we always look to offer solutions to broader problems experienced by customers. This has enabled us to (further) develop a number of joint initiatives. For instance, a few years ago we developed the IkWoonLeefZorg platform, which helps senior citizens to live in their own homes for longer. This year we developed the 50-plus test to assist senior citizens in using this platform. This gives anyone between the ages of 55 and 70 insight into how future-proof their home and living environments are. They can then immediately set to work using the tips and solutions the test suggests. A customer proposition for safe and sustainable living is currently being worked out.

FAIRFAX FINANCIAL AND GARANTI BBVA

In Canada, Onlia is an example of international cooperation for retail customers. This insurance proposition is a joint venture between Achmea and Canada's Fairfax Financial. Onlia uses Achmea's InShared online IT platform. In Turkey, Eureko Sigorta offers insurance products via a long-term partnership with its bancassurance partner Garanti BBVA, the country's second-largest private bank. This bank is known for its unique network and digital focus. Eureko Sigorta and Garanti BBVA work together to serve customers via a direct digital channel.

PARTNERS IN RENEWAL AND INNOVATION

We work with partners to realise new propositions and innovate business models. This collaboration is based on equality within the partnership. We take advantage of each other's complementary expertise, on the basis of reciprocity and a united vision of added value for customers and society. For instance, with our IT partners we work to enhance our competencies in data and digital working. Our partnership with Microsoft for example again ensured that our employees were able to work properly and securely from home in 2021, so that customers could be assured of the service they are accustomed to receiving from us.

Eurapco partnership

Eurapco is a partnership between Achmea and seven other European insurers. Within this partnership we share knowledge, offer employees personal development opportunities and collaborate on innovation. In 2021 we conducted a joint survey of the potential impact of Covid-19 on the insurance sector. We also discussed the social role of mutual insurance companies in the Covid-19 crisis. Over the past year we have taken several steps towards cooperating on asset management. Other major themes in 2021 included the digitisation of healthcare, so that doctors can provide care remotely, other insurance services and the corresponding issues relating to the security of personal data.

The Sum of Us: making healthcare real estate more sustainable

A quarter of Dutch hospitals are experiencing difficulties in making the sustainable transition required to meet the climate goals for 2050. This is illustrated by a report we published jointly with Royal HaskoningDHV following a survey of a number of hospital organisations. The idea behind the research conducted by Royal HaskoningDHV and Achmea is to contribute to making Dutch hospital real estate more sustainable. Royal HaskoningDHV is able to do this from its experience and expertise in identifying what is needed to make a hospital sustainably future-proof. Thanks to the partnership with health insurer Zilveren Kruis on behalf of Achmea, the required adjustments can be linked to the care institution's investment agenda in the long term. This is how we work with other parties to contribute to making healthcare more sustainable.

HOW WE CREATE VALUE WITH AND FOR OUR PARTNERS

Partners in healthcare

Achmea works together with a variety of healthcare and social partners to bring good health closer to everyone. There was cooperation with care partners and hospitals in particular to relieve the staffing pressures on the care system, as well as to offer and organise financial stability in an unstable situation. Continuing tightness on the job market for healthcare personnel, the growing demand for healthcare and corresponding healthcare expenses require us to engage in this type of partnership. In 2021, for example, we worked with St. Antonius hospital to structurally organise healthcare differently. Pressure on healthcare providers can be better alleviated by focusing more on e-health, more home-based care, joint decision-making and chain cooperation. At the initiative of Zilveren Kruis and Amsterdam OLVG hospital, in 2021 the Dutch healthcare authority (NZa) created new services (expense categories) to fund telemonitoring for six common conditions. These are cardiac arrhythmia, hypertension, heart failure, chest pains, chronic obstructive pulmonary disease (COPD) and asthma. Other hospitals can also use these new services for remote monitoring. Telemonitoring means that patients need to visit the hospital less frequently because (some of) the checks can be carried out at home.

In Slovakia, Union is working with start-up Zhiva to help patients suffering from long Covid via an app. The app is designed to help these patients monitor their health, but also to support them by offering tips, exercises, podcasts and the opportunity to share their stories with fellow patients.

Partners in living environment and mobility

At the end of 2021, in collaboration with 50five, Centraal Beheer initiated a pilot scheme to make selecting and buying a charging station for electric vehicles easier. Customers complete an online questionnaire about their specific situation. Our partner then uses this to draw up a customised quotation. During the 3-month pilot phase we are studying whether this solution meets the wishes and needs of our customers in full. Together with Top Movers, Centraal Beheer has been trying to make moving house easier since 2021. Customers can submit a request for a quotation, after which they receive a link to a video tool and film the rooms in their home. Our partner Top Movers then analyses this information and draws up a non-binding quotation. Top Movers is an alliance of certified removal companies throughout the Netherlands. Interpolis initiated a partnership with publisher Zwijsen for innovative traffic education package WegWijsVR. A pilot scheme has also been set up in collaboration with Coolblue in which a specific Interpolis store has been created within Coolblue's webshop. Interpolis customers can purchase smoke detectors here at a discount.

Innovation Fund has acquired a stake in Onto. Via an all-inclusive subscription that can be cancelled in any given month, Onto offers retail and business users easy access to electric cars without the need to sign up for a long period. This investment is aligned with Achmea's strategy for clean, safe and smart mobility.

Partners in business and employment practices

Interpolis has joined Station88 as a strategic partner. This Huis van Ondernemerschap en Innovatie (House of business and innovation) is a platform for businesses in central Brabant. Achmea is working to make its pension solutions future-proof. For our partner Rabobank (and its advisors), together with experts Interpolis developed a series of webinars on relevant topics, such as Solar panels, Prinsjesdag (budget day) and Elektrakeuring (electric wiring inspection).

This year, on behalf of ASN Impact Investors, Achmea Investment Management took over implementation of the

The Sum of Us: acceleration of cross-domain healthcare transition

Achmea wants to counteract the fragmentation found in today's health system. Our goal is to keep healthcare accessible, effective and reliable by bridging the divide between the individual domains under the Dutch Health Insurance Act, Long-term Care Act (WLZ) and Social Support Act (WMO). Certain care and/or prevention options come under the WMO. Responsibility for these lies with the municipalities. Yet healthcare comes under the Health Insurance Act and the WLZ. This strict dividing line persisted for many years. Municipalities paid for prevention and watched health insurers reap the rewards. This is why, via its health insurers Zilveren Kruis and De Friesland, Achmea is working with the large municipalities in the insurers' key regions to break down these barriers. As an example, both parties are funding trials relating to prevention. At De Friesland a pilot project has now been started with five Friesian municipalities. The district and regional teams of these municipalities can turn to the De Friesland service desk for questions in the grey areas where the individual healthcare acts meet. Service desk employees can help and advise on those cases where it is not immediately clear which act best covers the care or support. Or they can find an appropriate solution for anyone who threatens to fall by the wayside. The idea is to get the right care in the right place with as little delay as possible.

investment policy for investment funds ASN Duurzaam Aandelenfonds, ASN Duurzaam Obligatiefonds and ASN Duurzame Mixfondsen. Achmea and Pensioenfonds voor de Grafische Bedrijven (PGB) acquired InAdmin RiskCo in 2020. The goal is to offer the pension administration platform to the entire pension sector, a development that is currently being worked on.

Zilveren Kruis is working with Koninklijke Metaalunie (organisation for metal industry SMEs) to ensure long-term employability for employees in this sector. As part of this initiative, in December 2021 the Verzuimnavigator (absenteeism navigator) went live. This helps employers by clarifying what they can do in the event of absenteeism and how they can prevent it. It also enables them to arrange a variety of services and insurance policies.

BROKERS

In the Netherlands, employers and entrepreneurs can opt for advice and brokerage services when choosing insurance. Achmea offers property & casualty and income protection insurance via Avéro Achmea and health insurance via Zilveren Kruis. We work together with intermediaries who can provide good value to customers through their advice. We want to ensure long-term success for brokers and develop programmes around themes such as long-term employability, digitisation, risk management and healthy enterprise.

In 2021, together with a group of experts, Avéro Achmea and Voorzie, an initiative of Avéro Achmea, organised webinars about the theme ‘What hybrid working means for businesses’. Over two sessions, experts provided insight into the future of work, changes to office configurations and the challenges that consultancy firms experience in hybrid working, but also the consequences for collaboration and employee engagement.

In 2021, Avéro Achmea launched digital collaborative platform Podium for advisors. Podium helps brokers with their customer service, for example via a fully digital quotation and application process, track & trace options and notifications. A start was made on the new digital Disability proposition. In the long term, advisors will be able to find all our products, services and personal content in Podium.

Growth of the Centraal Beheer mortgage brand on the broker market is another ambition of Achmea’s. In 2021, Centraal Beheer organised an inspiration session on the theme of Mobility and Real Estate, in which changing mobility in combination with real estate is discussed. Together with Syntrus Achmea, Centraal Beheer started the ‘car sharing for real estate’ service in response to this trend.

TAKING CARE OF TOMORROW

Our climate is changing. Heavy rainfall is interspersed with higher temperatures and periods of drought. This is having an impact on the environment and on our living environment. Failure to act will only make the impact more acute. Biodiversity is declining. Overflowing drains and flood damage are increasingly common. And heat stress is on the rise in cities. Interpolis is constantly searching for smart, sustainable solutions that will take care of tomorrow. Solutions that reduce the risk of disruptive damage. A green roof is one of them.

Interpolis.
Glashelder

HOW WE CREATE VALUE FOR SOCIETY

INDICATOR	2021	2020
% of own risk investments for which carbon footprint is determined[1]	65%	67%
CO_2 intensity of investments in businesses in developed markets (equities and corporate bonds)	168.1 ton CO_2/million USD sales	186.6 ton CO_2/million USD sales
Net CO_2 emissions of our business operations	3.8 kton	10.0 kton
% of electric vehicles in fleet of lease cars[2]	35%	25%

1 As from 2021, this percentage is determined derivatives. The comparative figures have been adjusted in accordance with the amended definition. The portfolios for which the carbon footprint has been measured have remained unchanged compared to 2020; the % fell slightly due to relative value developments.

2 As from 2021 including hybrid engines. The comparative figures have been adjusted in accordance with the amended definition.

Together with its partners Achmea wants to help solve major social issues in four domains: health, mobility, living & working and income. We do this via the different roles we occupy: as an insurer, service provider, investor and mortgage provider. Yet also via our business operations and indirectly as a tax payer. In addition, we invest in society by making funds available to two foundations that were set up by Achmea but operate independently: the Achmea Foundation and Stichting Achmea Slachtoffer en Samenleving (SASS). This chapter explains the role we fulfil in society at the moment and how we aim to enhance this in future. The impact we create has an impact on our customers as well as on society at large.

OUR ROLE IN SOCIETY AS AN INSURER AND SERVICE PROVIDER

Good health closer to everyone

Our goal is: affordable healthcare, organised close to home. From a broad perspective on health we encourage and help our policyholders to live and work more healthily. Wherever possible we aim to organise healthcare in a familiar environment. Digitisation can help here.

Zilveren Kruis brings good health closer by giving policyholders insight into their overall health. The Actify app offers a lifestyle coach with practical tips, recipes, a step counter, inspiration and meditation. The business version, Actify Teams, was launched this year. This was developed using scientific insights and tested at several companies in a pilot scheme. The pilot shows that part of the participants started to exercise more on a daily basis. Over half the participants reported that Actify Teams helped them to relax more.

The Zilveren Kruis Wijzer and Dr. Appke apps give users access to a Dutch-speaking medical expert, regardless of whether they are at home, on holiday or on a day out. These apps can help to alleviate the pressure on GPs. Many users claimed that without these apps they would ‘certainly’ have needed to visit a doctor. Zilveren Kruis helps businesses via its Gezond Ondernemen (Healthy Enterprise) proposition and platform and uses sector analyses and advice to boost long-term employability.

Achmea subsidiary Union in Slovakia advises its policyholders by means of a series of podcasts on health and lifestyle made with the participation of experts. Greek subsidiary Interamerican launched the Family Nutrition Guide, which aims to help people change their unhealthy eating habits and live more healthily.

Smart mobility

Our society stands before an enormous mobility transition. We are switching from fossil to green energy and there is a

The Achmea way - new traditions for new year celebrations

Rather than setting off fireworks ourselves we can go to an organised display or look to other traditions for celebrating the new year. This is what Achmea calls for in its campaign. In a TV commercial we showed the damage an average year’s celebrations can inflict. Large numbers of people, including hundreds of children, end up with (serious) injuries. The police and fire brigade are called to over 5,000 incidents and the damage runs into millions of euros each year. Setting off fireworks is not just harmful to health though, it also pollutes the air, soil and water. Moreover, emergency services are often the target of violence during new year celebrations. The message is that it is time to start some new traditions. The campaign was highly controversial, with the TV commercial getting a mixed reception. The firework industry and its stakeholders were particularly unhappy with the message. Yet Achmea was also complimented on having the courage and daring needed to broach this tricky subject. Behind the scenes we also received phone calls from mayors and the Veiligheidsberaad (safety and security council). There is no reason why we cannot still celebrate the new year in style. This is why we are searching for new ways of ushering in the new year via the website nieuwetradities.nl.

shift from ownership to use. We want to help consumers and businesses with these major changes, including by offering greater convenience, reliability, personalised service and speed, but also safety, both in terms of services and insurance policies.

Interpolis has contributed to the debate on road safety for many years, mainly by focusing on preventing distraction by mobile phones. The AutoModus app was launched a few years ago and encourages motorists to drive safely by offering positive incentives. As an extra incentive to use the app, in the first year policyholders receive a discount on their premium when they arrange car insurance at Interpolis. They can also save on behalf of charities via the AutoModus and PhoNo apps. PhoNo, Interpolis' campaign against apping while cycling, won a European Union Excellence in Road Safety Award in 2021. Via this award, each year the European Commission rewards the best initiatives aimed at improving road safety in Europe. At the start of 2021, the EU asked Interpolis to be National Relay for road safety in the Netherlands. This means that Interpolis brings together partners involved in road safety in the Netherlands.

Centraal Beheer provides an electric vehicle charging station service to real estate customers: from advice, installation and use to service and maintenance.

Our Turkish subsidiary Eureko Sigorta has the Doost app, a mobile breakdown service that anyone can use. Greek subsidiary Interamerican Assistance likewise offers breakdown services. Further digitisation of the scheduling process for technicians and parts means that they can be on the spot more quickly and travel shorter distances.

Carefree living & working

We want everyone to be able to live and work comfortably, safely and sustainably. The Climate agreement poses an enormous sustainability challenge for both existing and new residential and commercial properties. We aim to help enable this shift via innovative services, partly in collaboration with partners, and financial support. As an insurer we have long worked to create safe home and living environments. Prevention plays an important role here. We want to expand our role as a financial service provider, including in relation to prevention. We do so as much as possible by the smart use of data and technology.

In June 2021, Achmea expanded building and contents insurance cover for retail customers. This means that floods caused by breaches to non-primary water defences have been covered since that date. Customers who live in areas vulnerable to flooding are consequently able to enjoy better financial protection.

Centraal Beheer provides solutions and services for comfortable and sustainable living. Via the Duurzaam Woongemak website, we present options for making homes more sustainable and offer services. Solar panels, green roofs and home insulation are services that Centraal Beheer provides in collaboration with its partners. On over 300 roofs of customers solar panels were placed in 2021 (2020: over 500 roofs). To make our customers' lives easier, Centraal Beheer also offers other services around the theme of Living. Consumers could already turn to Centraal Beheer for surveying, domestic help, gardening or odd job services. The new Notarisservice makes it easier to find a notary. For home owners, Centraal Beheer offers the Woningonderhoudsadvies (maintenance advice) service that draws up a 10-year maintenance plan and gives an idea of future maintenance costs.

The new Energy Label service makes it easy for consumers to apply for an energy label. As many home owners are members of owners associations, Centraal Beheer has

Dilemma: data use and affordability of insurance policies

As an insurer, the ability to predict risk is extremely important to us. The idea behind insurance is that you share a risk, the concept of solidarity. This only works if you weigh up the individual interests properly though because risks need to remain insurable. The growing amount of data means that we can calculate and price risks with increasing accuracy. Some risks you want to exclude or prevent. Yet this poses important questions. Which data may you use to do so? How far can you go, and do you want to go that far? And on top of that: how do you deal with bearing risk as a group if you use data on individuals? It is important that insurance is fair and that it safeguards the autonomy, integrity and privacy of customers. The better you know your customers, the greater the chance of you excluding individual customers or groups based on their risk profile. That is simply not an option. There is a conflict between social responsibility and the commercial profit motive of insurers. The University of Twente is currently developing a Data Ethics module for the insurance industry to help insurers with this dilemma and to draw up protocols, guidelines and codes on this. Achmea and the University of Twente are cooperating in this area, including by sharing knowledge and linking theory and practice. This enables Achmea to continue evolving as a modern insurer in a way that does justice to its cooperative identity.

developed the 'Centraal Beheer sustainability starting plan for owners associations'. The first of these plans was presented to a large owners association in Heerlen in June 2021. A special sustainability page has also been created for businesses to provide information on installing solar panels on the roofs of commercial premises.

Centraal Beheer has been involved in the development phase of Boekel ecovillage. This village comprises 30 climate-adaptive and climate-positive rental homes. It includes facilities for residents to supply their own food, six informal care units, a community centre, a knowledge and education centre, a workshop and offices. The latest innovative building materials are being used in its construction. In doing so we are facilitating sustainable properties while at the same time gaining knowledge and experience.

The Interpolis InBraakBarometer (burglary barometer) was in the news a great deal last year. In addition to the prediction that the number of burglaries would increase, Interpolis introduced a new tool that helps consumers establish how secure their front door locks are. Customers also receive tips on how to improve the locks and reduce the risk of burglary. The Interpolis AutodiefstalBarometer tells users how much risk they run of their car being stolen and provides tips on how to prevent this. A trial involving 100 car owners aimed at combating theft from cars was started in collaboration with the police and the municipality of Tilburg. A mobile alarm system is installed in the cars. If someone breaks into the car, the owner receives a warning via their smartphone and can immediately phone the police.

The Groene Daken (green roofs) initiative continues to be expanded. As in 2020, Interpolis and Syntrus Achmea worked together to make a large number of rental homes greener. At the end of March, Interpolis started the Dubbel Duurzaam Dak (doubly sustainable roof) pilot project: a sustainability proposition that combines the benefits of a green roof and solar panels. The principal benefit is that this raises the performance of the solar panels. This is because the panel itself gets less hot against the green rather than black background. Interpolis has started to sell green roofs in the business market as well. More than 15,000m² of sedum plants were planted in 2021, good for over a thousand green roofs (2020: 749 roofs). Interpolis launched Elektrakeuring (electric wiring inspection) to help businesses identify any electrical shortcomings rapidly, transparently and conveniently. In doing so we help prevent fire, suffering and damage, safeguard business continuity and contribute to the interests of society, for instance by preventing fires at farms. Interpolis offers specific certifications relating to the installation and maintenance of technical systems (SCIOS certification).

Income for today and tomorrow

We want everyone in the Netherlands to be financially fit and empowered. We use insight, an overview and comprehensible products to help coach people, ensuring they make prudent financial decisions so that they have enough financial resources, not just today but tomorrow as well.

Centraal Beheer has laid the foundations for rolling Geldfit Zakelijk (financially-fit businesses) out nationally. Businesses

The Sum of Us - optimum implementation of the new pension system

In 2019, the Dutch government and social partners reached agreement on a new pension system. The Ministry of Social Affairs and Employment drafted the bill for the Future of Pensions Act. Achmea is actively participating in the debate on implementation of the pension agreement. Both Achmea Pension Services and Achmea Investment Management are represented in the various research groups and committees of the Federation of Dutch Pension Funds. Under the new system, there will no longer be any guarantees about the amount of pension and instead only the contributions are promised. Furthermore, the contribution will be the same for all ages. The new system contains two contracts: the solidarity scheme and the flexible defined contribution scheme. Employers and pension funds are expected to have until 2027 to switch to one of these new contracts. Both contracts involve individual assets that are invested and grow through the addition of investment returns. This is only possible if there is close cooperation between the pension provider and asset manager. Achmea already has long experience of administering defined contribution schemes, both in terms of implementation and in asset management. For example, Achmea was behind the Collective Variable Pension from the Improved Defined Contribution Scheme Act (WVP), which is being continued within the new system as the flexible contract. Achmea Investment Management and Achmea Pension Services are working on a clear vision of how best to implement the two pension schemes from the pension agreement and how best to structure cooperation on implementation and asset management. Achmea wants to take the lead here in setting the standard for implementing tomorrow's pensions. We share our knowledge and align our vision of pension administration with our partners, our customers, the sector and policymakers in order to create a feasible and future-proof system together.

can turn to this service for financial assistance. The coronavirus pandemic in particular has caused them unforeseen difficulties. Among other things, Geldfit Zakelijk helps businesses to find appropriate assistance by means of a free online test and in doing so makes debt assistance more accessible. Geldfit Zakelijk is part of the Dutch Schuldhulproute (debt assistance route) and an expansion of the existing service Geldfit.nl that helps private individuals in financial difficulties. In 2021, about 12,500 businesses took the test to check their financial situation and see what shape they are in. A portion of them turned out to be experiencing such severe difficulties they were unable to extricate themselves. They received professional assistance via this initiative.

Together with local branches of Rabobank, Interpolis looked at possibilities for mentoring mink farms through the enforced closure of their businesses in 2021. As part of its nitrogen emissions policy, the Dutch government aims to buy out agricultural businesses located next to nature areas on a voluntary basis. This will mainly apply to pig, dairy and poultry farms over the next few years. Interpolis also plans to help these customers.

Over 70 Achmea employees attended the National Institute for Family Finance Information (Nibud) course ‘Assistance with money matters’. Here, they learn how to broach the subject of debt and how to support people experiencing personal finance and debt difficulties. Achmea Bank employees also teach classes at primary schools. Making children financially aware from a young age lays the foundations for financial empowerment later in life. Financial education is not yet anchored in our educational system. We therefore continue to play an important role here.

Climate action

Achmea attaches an enormous amount of importance to climate change. The summer of 2021 brought extreme weather conditions, including in Europe. Severe flooding, but also forest fires that cost dozens of lives and caused billions in damage. The Intergovernmental Panel on Climate Change also published a report showing that global warming is being caused by humans and that climate change is occurring at a rapid pace. This prompted us to define a transition strategy. Read more on this in the chapter Our approach to climate change.

OUR ROLE IN SOCIETY AS AN INVESTOR AND MORTGAGE PROVIDER

As an investor, real estate manager and mortgage provider we also take into account the world around us: the future of the environment, social justice and good governance. We do this based on our purpose and ambitions. We do not just manage investments for our own account and risk and for our policyholders. Achmea Investment Management and Syntrus Achmea also invest on behalf of institutional clients as part of their fiduciary asset management service. This enables us to create economies of scale and to profit from specialist knowledge. Both Achmea Investment Management and Syntrus Achmea are market leaders on the Dutch market, certainly when it comes to sustainability. We can use this knowledge and expertise to achieve (and accelerate) our sustainability ambitions for Achmea as a whole.

We believe it is important to be transparent about our socially-responsible investment policy. In addition to our own wishes and ambitions, the European Union sets rules governing the provision of information on sustainability in the financial sector. These rules are known as the Sustainable Finance Disclosure Regulation (hereafter: SFDR). The SFDR aims to increase transparency on sustainability. As a result of this regulation, it will be easier for pension fund members and participants in investment funds to understand the role of sustainability in an investment product or in their pension scheme and how sustainability risks are dealt with in the investment policy. Achmea has adjusted the prospectuses for its investment funds accordingly and placed explanatory texts on the website. Yet this does not mean that implementation of the SFDR is complete. Further SFDR criteria will be implemented over the next few years (insofar as they are applicable).

Investments for own account

Achmea aims to invest the premiums and other funds our customers have entrusted to us responsibly: we fulfil our financial obligations to our customers and invest with respect for the world around us and for future generations. We distinguish five key themes for our investments: Human rights, Labour standards, Health, Nature and the environment and Climate.

In 2021 we formulated an ambition statement for these key themes. This is being worked into tangible, measurable targets we aim to meet no later than 2030 and on which we will actively focus. We only want to invest in businesses that respect fundamental human rights and income from employment, such as the entitlement to equal opportunities, treatment and pay and the right to receive a living wage. And for the Health theme, one of our goals is global access to medicines and healthy food. In the Nature and the environment theme we only want to invest in businesses that prevent the degradation of biodiversity in fragile ecosystems. And for the Climate theme, as part of our transition strategy and specifically for investments in businesses, we have formulated an overall target of achieving climate-neutral investment by 2040. In 2021, we conducted zero measurements in our investment portfolio for the individual targets. We will focus on these in the next few years and adjust the norms wherever possible. A full overview of the key themes and corresponding targets can be found in our sustainable investment policy on our website.

HOW WE CREATE VALUE FOR SOCIETY

Climate change continues to be one of our most important key themes

As an insurer and long-term investor, Achmea devotes particular attention to the risks relating to climate change. We aim to make a positive contribution to the transition to a climate-neutral economy. We also believe that climate change and the need for a transition to a low-carbon economy can have an impact on the value of our investments. Achmea has long applied a restrictive policy to fossil fuels. We further refined this policy as of 1 January 2021. From now on we exclude those companies that derive more than 5% of their revenue (formerly 30%) from coal, oil extraction from tar sands, Arctic oil/gas or shale oil/gas. The same applies to those companies that use more than 5% of their revenue (formerly 30%) to generate electricity from these fuels. In addition, in 2021 we set ourselves the target of having climate-neutral investments (for our own account) in equities and corporate bonds by 2040.

Screening of our portfolio for malpractice (due diligence)

Like other Dutch insurers, Achmea has signed the International Corporate Social Responsibility covenant for the insurance sector. The covenant demands an appropriate, prudent appraisal to be made of the risks of socially-unacceptable conduct by the companies in which insurers invest. We screened our investment portfolio for these risks in 2021. The outcome of this screening will be used to further implement our Socially-Responsible Investment (SRI) and engaged shareholdership policies.

Achmea excludes companies that structurally violate the ten principles of the Global Compact. These relate to human rights, labour standards, the environment and anti-corruption. We update a list of companies and countries that we exclude twice a year and publish it on our website. For a very limited part of our investments for own account (less than 2%) this exclusion policy cannot be applied on a one-to-one basis. This concerns investments in funds managed by external asset managers in which other external investors also participate. Where possible, we look for alternatives or consult with managers in order to realise our wishes as much as possible. The exclusion policy applies in full for the remainder and the vast majority of investments for own account. During 2021, there was one investment in a company in which, based on our exclusion policy, investments should not have been made. This was signalled and the investment was subsequently sold.

Moreover, we have started monitoring the Environmental, Social and Governance (ESG) scores of the companies in which we invest. To this end we implemented the ESG Meter, a monitoring tool that provides insight into ESG risks and developments in the investment portfolios. These additional insights should place us in a better position to monitor how individual parts of the portfolio perform in relation to ESG themes. Furthermore, it will give us an idea of the impact of SRI instruments and mean we are better informed. We will therefore be better able to determine whether we need to further tighten or adjust our SRI policy.

Engaged shareholdership: In dialogue with companies

Engagement is an important instrument in our SRI policy. We enter into dialogue with companies on what we expect of them in relation to socially-relevant topics. For instance, we use engagement to encourage companies in which we invest to make their activities more sustainable. At the same time, we want to increase the value of our investments and improve the quality of management. Achmea also believes it important to enter into dialogue with companies that violate internationally-accepted norms, e.g. with respect to human rights, labour standards, corruption or the environment. To this end we take a number of major international frameworks as our starting point, namely the UN Global Compact, the OECD guidelines for multinational enterprises and the UN Guiding Principles on Business and Human Rights. We call this normative engagement. Over seventy companies were part of this normative engagement programme in 2021. Achmea also has a thematic engagement programme containing the five key themes from our SRI policy. Over a period of usually three years we conduct dialogue with companies on aspects of their business operations that offer room for improvement.

ENGAGEMENTS AND VOTING

	ENGAGEMENTS				VOTES			
	2021		2020		2021		2020	
	Number of companies	Number of topics	Number of companies	Number of topics	Number of shareholder meetings	Number of agenda items	Number of shareholder meetings	Number of agenda items
On behalf of Achmea	134	175	123	157	754	10,586	642	9,267
On behalf of Achmea IM incl. Fund Management (Retail)[1]	143	186	142	183	1,339	16,649	1,388	18,519

[1] In 2021 the method for calculating the number of engagements on behalf of Achmea Investment Management was changed. From 2021 we only report those engagements for the investments of which Achmea Investment Management is the legal owner and consequently can implement the SRI policy. Up to and including 2020 this was done for all investments managed by Achmea Investment Management. The 2020 data have been adjusted accordingly.

HOW WE CREATE VALUE FOR SOCIETY

The table below lists the topics on which Achmea is conducting an engagement process for each key theme.

KEY THEME	ENGAGEMENT (THEME)
Human rights	• Living wage in the supermarket and textile sectors
Labour standards	• Living wage in the supermarket and textile sectors • Human capital
Nature and the environment	• Reducing the harmful consequences of the use of plastic • Biodiversity
Health	• Good and available medicines • Access to (healthy) food
Climate	• Transport and climate • Climate transition • Energy efficiency in the steel and chemical industries • Reduction in exposure to coal

The table at the bottom of the next page lists the number of engagements and votes cast in 2021 on behalf of Achmea and for investments managed by Achmea Investment Management.

External testing of responsible investment policy

In the periodic survey by the Association of Investors for Sustainable Development (VBDO) into sustainable investment policies at insurers, Achmea was ranked fourth in 2021. Achmea scored particularly well on the themes of implementation and transparency, but less well in relative terms on policy and governance. The benchmark is an important indicator of how we perform on sustainable investment. Our ambition is to continue enhancing our performance in this area and in doing so retain or improve our position in the top five.

The Eerlijke Verzekeringswijzer (Ethical Insurance Guide) published practical research on the theme of human rights. This focused on investments in companies that are linked to human rights violations in the mining industry. The nine largest insurers in the Netherlands were surveyed for the report. Achmea scored 5.2 (on a scale from 0 to 10), which corresponds to third place. In response to this, from now on we want to explicitly monitor compensation for possible victims of human rights violations. The same body published practical research on the theme of climate as well. Here, Achmea scored 5.1 (on a scale from 0 to 10). In the category for insurers (average score of 4.3) this translates into third place. The score we received does not reflect our ambition as climate change is an important theme to us. The survey was conducted before we had published our new climate ambition.

As a co-signee of the Principles for Responsible Investment (PRI), Achmea focuses on incorporating environmental and social principles and good governance into its investment processes. Engaged shareholdership and transparency on realised results are important principles in relation to responsible investment as well. In the last assessment conducted by PRI (2020), Achmea earned a score of A on almost all the components.

Transparency on our investments

We want to be transparent about our investment policy and be held accountable for it. Every six months Achmea publishes a Socially-Responsible Investment (SRI) report on its policy, the progress on the engagement programme and realised performance. This report is published on our website. We also report on the contribution we make to greenhouse gas emissions via our investments (footprint and intensity). After starting to measure the CO_2 emissions of a substantial portion of our equity investments in 2017, we later extended this to include corporate bonds (2018) and our investments in government bonds and mortgages (2019) and investment properties (2020). As part of this process, we charted the carbon footprint of the majority of our investments for our own account and risk. You can read more on this in supplement E. Information on our carbon footprint.

Achmea Bank

Achmea Bank wants to contribute to the goals set out in the Dutch National Climate Agreement and, through Achmea, has signed up to the Climate commitment for the financial sector. In 2019 Achmea Bank began to measure the carbon footprint of its mortgage portfolio using data from network companies and energy labels. Achmea Bank also publishes these results separately on its website (see also supplement E). In 2021, Achmea Bank formally joined the Platform for Carbon Accounting Financials (PCAF).

Our ambition is to increase the portion of green energy labels in our mortgage portfolio and help customers to make their homes more sustainable. The goal is to bring the portfolio to an average energy label of A by 2030. We therefore offer our customers the option of financing energy-saving measures as part of their mortgage. At the end of 2021, 64% of the collateral had a green energy label (A, B or C). In 2021 the portfolio had an average energy label of C. Achmea Bank also signed up to the Energy Efficient Mortgages NL Hub (EEM NL Hub) in 2021. This is an alliance that includes mortgage providers, investors and service institutions from the mortgage sector. The EEM NL Hub was set up to interpret regulations on sustainability, such as the EU Taxonomy and the goals of the Paris Climate Agreement, and to apply them to the Dutch mortgage and housing market. Its objective is to develop a clear standard for green mortgages.

Issued bonds and other credit facilities

Achmea has issued a wide range of capital and liquidity instruments. These include ordinary and preference share capital, hybrid capital, internal and external loans. In 2019 Achmea arranged a sustainably-linked credit facility. The facility contains €1 billion, has a five-year term as of the issue date and includes options for two one-year extensions. Sustainability targets are linked to this credit facility. In 2021, Achmea worked on setting up a framework for green financing, the Green Finance Framework. Achmea plans to allocate the proceeds of financial instruments issued under the framework to (re)finance green loans and investments. The framework was finalised and published on our website in 2022.

Achmea Investment Management

Socially-Responsible Investment (SRI) is now more important than ever in our society. We can see this from the growing demand among our institutional clients for SRI services and from the increase in laws and legislation in this area. Achmea Investment Management (hereafter: Achmea IM) helps institutional clients to set up, implement and report on SRI, to translate the relevant laws and legislation and provides practical instruments for this. Day-to-day implementation of Achmea's SRI policy and of those of its institutional clients is carried out by Achmea IM. This includes voting at shareholder meetings, conducting engagement on selected themes, screening and excluding controversial investments. A recent study by ShareAction, an NGO based in the United Kingdom, shows that Achmea IM is ranked among the top-three European asset managers that supported shareholder proposals on ESG-related topics, such as the environment, climate, biodiversity and human rights, in 2021 and number one among the surveyed Dutch asset managers.

In the first six months, Achmea IM reviewed the options for further refining its policy on fossil fuels. Achmea IM has long applied a restrictive policy to coal and tar sands. The norms for this have now been tightened even further. Companies are excluded from investments when more than 5% of their revenue (formerly 30%) derives from coal or tar sand-related activities. Moreover, Achmea IM opts to implement a restrictive policy for other fossil fuels, namely shale oil/gas and Arctic oil/gas. These companies are likewise excluded when more than 5% of their revenue derives from shale oil/gas or Arctic oil/gas-related activities. The adjusted policy has been applied to Achmea IM investment funds since 1 September 2021.

In addition to exercising voting rights at shareholder meetings, shareholders can submit proposals themselves. A well-known example of this are the Follow This shareholder proposals submitted to the shareholder meetings of companies such as Chevron, ConocoPhilips, Equinor and Royal Dutch Shell. A shareholder proposal is a powerful mechanism for emitting a signal to the company in question. The option of submitting proposals has existed in the United States for some time now and there it is relatively easy to get a proposal placed on the agenda. In collaboration with other parties, Achmea IM also succeeded in placing proposals on agendas in 2021, a number of which were subsequently voted on at the relevant shareholder meeting. One example of this type of resolution is described in the box below.

Shareholder resolution on access to medicines

Together with Oxfam America and ICCR (an international investor organisation), Achmea IM submitted a shareholder resolution to Johnson & Johnson's annual general meeting. The proposal requested greater transparency on the prices and accessibility of vaccines (the Janssen vaccine). Our resolution subsequently received 31% of the votes. This is a high percentage for an ESG resolution. Achmea IM will therefore use this in follow-up talks with Johnson & Johnson on this topic.

Syntrus Achmea Real Estate & Finance

Syntrus Achmea Real Estate & Finance (hereafter: Syntrus Achmea) invests in real estate and mortgages on behalf of institutional investors and in doing so strives to opt for sustainable investments that earn a financial and social return.

Syntrus Achmea's goal is for the entire Dutch property portfolio it manages to hold at least an A energy label by 2030. As of the end of 2021, about 71% (2020: 67%) of the property portfolios managed by Syntrus Achmea possessed an energy label of A or higher, 12% (2020: 13%) a B energy label and 15% (2020: 17%) a C energy label. As part of its contribution to the Dutch National Climate Agreement, Syntrus Achmea aims to achieve a CO_2-neutral property portfolio for all its institutional clients by 2050. Syntrus Achmea first compiled CO_2 reduction roadmaps containing a variety of scenarios for reducing CO_2 emissions for the residential property portfolios back in 2019. These roadmaps were updated in 2021. The implications of the measures and the applicable schedule are now both better aligned with practice. More information on the ESG policy can be found here.

The actual CO_2 emissions are monitored as well. In 2021, nine of Syntrus Achmea's funds and portfolios participated in GRESB, the international sustainability benchmark for real estate. Eight of these funds and portfolios earned the highest rating of five stars. The Achmea Dutch Retail Property Fund is the most sustainable core retail fund in the Netherlands, while the Achmea Dutch Health Care Property Fund can call itself Overall Global Sector Leader.

HOW WE CREATE VALUE FOR SOCIETY

At Syntrus Achmea we also want to help our mortgage customers to make their homes more sustainable. Research shows that customers are not always aware of the sustainability options and as a result are often unsure where to start. The vast majority of Syntrus Achmea customers have been informed of the available sustainability options. In the process we offered customers a €250 discount on investments that contribute to making their homes more sustainable. We sent this information to a total of almost 40,000 customers. Over 3,000 customers requested a sustainability profile containing tips and advice on how to make their homes more sustainable. As a result of this initiative, more than 750 customers subsequently implemented sustainability measures in their homes. In 2021, we developed a dashboard that enables us to monitor the evolution of energy labels in our portfolios. The Achmea Dutch Residential Mortgage Fund managed by Syntrus Achmea invests in Dutch mortgages with owner-occupied residential properties as collateral. In the 4th quarter of 2021, 64.1% of the collateral possessed a green energy label (A, B or C). This represents a slight increase compared to 2020 (63.6%).

Syntrus Achmea is a member of the 'Sustainability for owners associations' working group. Together with the government and market parties (including the ministries of Economic Affairs and Interior and Kingdom Relations, representatives from the four largest municipalities, banks, insurers and insulation firms) this group is working on simplifying the process for making owners associations more sustainable. Furthermore, together with Achmea Bank, Syntrus Achmea is a member of the Energy Efficient Mortgages NL Hub (EEM NL Hub). More information on this can be found under Achmea Bank.

RESPONSIBLE BUSINESS OPERATIONS

Our employees and locations across the Netherlands mean that we are in a position to contribute to the sustainability goals. We aim to achieve climate-neutral operations by 2030. We measure CO_2 emissions for our business operations and try to improve sustainability wherever we can. Since 2011 we have compensated for the CO_2 emissions from our business operations by purchasing Voluntary Carbon Standard (VCS) certificates; from 2026 we want to compensate for these emissions through a large-scale reforestation programme that was initiated with Land Life Company in 2021. Our carbon footprint is described in supplement E 'Information on our carbon footprint'.

Furthermore, sustainability is important to us in our (brand) propositions and we also propagate this. Examples of this in making our business operations more sustainable include installing a green roof on the Interpolis building in Tilburg and nearly 4,000 solar panels at our office in Apeldoorn. In addition, a few years ago Achmea signed a contract for purchasing heat from a new geothermal heat network in Leeuwarden. The results of exploratory drilling are currently being analysed. The heat network is expected to be completed at the end of 2023. Our goal is for our fleet of lease cars to comprise at least 50% electric vehicles by 2025. A new lease policy was introduced to this end in 2019. As of 2021, 35% of the fleet of lease cars were hybrid or electric vehicles (2020: 25%).

OUR ROLE IN SOCIETY AS A TAX PAYER

The payment of taxes is one of the pillars of a sustainable society. Transparency on taxation is important to us and this is why we publish our tax policy on our website, provide further information and explain how we ensure compliance with this policy as well as how we manage our tax risks. Our tax position is also given in our financial statements and on our website.

We aim to be a responsible tax payer. This means that in every country in which we operate we seek to ensure tax laws are applied correctly and take into account the purpose and scope of the laws. The commercial reality of a transaction is the basic principle: profit is taxed where the profitable activity takes place. The responsible payment of taxes means that we ourselves have no wish to use structures aimed at reducing the effective tax rate, nor do we offer these to our customers. The full text of our tax policy and more information can be found here.

INVESTING IN SOCIETY

We also invest in social engagement: supporting and protecting those people who need it. To this end, we make funds available to two foundations that were set up by Achmea but operate independently: the Achmea Foundation and Stichting Achmea Slachtoffer en Samenleving (SASS).

Achmea Foundation

Achmea Foundation was created in 2006 based on the conviction that everyone should be able to participate fully in society. The foundation acts as an advocate for vulnerable people in the Netherlands and abroad. It supports initiatives relating to agriculture, healthcare and financial services with an innovative character.

The foundation's activities are bundled in four impactful programmes. More information can be found on www.achmeafoundation.nl. Achmea Foundation works with partners that are aligned with its strategy. One of these partners is PharmAccess. In part thanks to the financial support of Achmea Foundation, PharmAccess was able to provide emergency aid to Africa in response to the global outbreak of Covid-19. Its quick action enabled it to immediately start activities aimed at combating Covid-19 in Kenya and Ghana.

Stichting Achmea Slachtoffer en Samenleving

SASS funds projects aimed at improving the position of victims in society. All the projects funded by SASS contain three major areas for attention for victims: 1) respect for and alignment with the resilience and empowerment of victims, 2) a focus on restoring ties and confidence and 3) redress or rehabilitation. In the period 2019 till 2022, SASS is focusing on the following areas: 'Victims of domestic violence', 'Victims of sexual violence' and 'Victims of online crime'. Here, SASS particularly targets young people and other potentially vulnerable groups who can benefit from boosting their resilience.

Based on the positioning paper written in 2020, in 2021 SASS issued a call for project or research proposals. The theme was "Will you help to improve the position of victims of sexual violence?". This was widely publicised via social media. A number of specific stakeholders were also contacted and invited to submit a proposal. The response was overwhelming. A successful digital pitch was held on 11 February 2021. In 2021, SASS received over 40 applications for funding, a number of which were subsequently honoured. For more information about SASS and the funded projects, please see www.sass.nl.

ACTIFY: HELPING PEOPLE TO LEAD A HEALTHY LIFESTYLE

The Actify app aims to help people to lead a healthy lifestyle in small steps. The app offers coaching with practical tips, tasty recipes, a step counter, inspiration and meditation.

You can get fit without going to the gym. Fit means feeling good about yourself. You don't need to be an athlete for this. A short course will teach you how to exercise more and get fitter at a pace that suits you and is easier to maintain. By setting small goals. So that exercising automatically becomes a habit.

Zilveren Kruis

OUR CONTRIBUTION TO SDGs

Achmea wants to contribute to achieving the United Nation's Sustainable Development Goals (SDGs). These 17 SDGs form the 2030 Agenda for Sustainable Development. We view all 17 SDGs as important, but our role as an insurer, investor and financial service provider means we are in an excellent position to contribute successfully to the three SDGs shown below.

SDG

Good health and well-being (SDG 3.5, 3.6 and 3.8)

Sustainable cities and communities (SDG 11.3 and 11.6)

Climate action (SDG 13.1, 13.2 and 13.3)

Initiatives

Good health and well-being

Bringing healthcare closer
- Basic and group health insurance
- Various platforms from Zilveren Kruis (Actify, Actify Teams and Gezond Ondernemen (Healthy Enterprise))
- Zilveren Kruis Wijzer (health) app
- Health-themed investment policy
- Smoke-free workplace

Smart mobility
- AutoModus /PhoNo from Interpolis
- WegwijsVR educational programme from Interpolis

Carefree living & working
- Healthcare and Living: projects in Amsterdam, Sassenheim and Hilversum
- Vision for the future of healthcare and living for senior citizens
- Fireworks campaign

Sustainable cities and communities

Smart mobility
- Car sharing initiative Bartoklaan, Utrecht
- Insurance for solar-powered cars in partnership with LightYear

Carefree living & working
- Property & casualty insurance
- Cover for flooding caused by secondary water defences
- Green roofs and DubbelDuurzaamDak (green roof combined with solar panels) from Interpolis
- Elektrakeuring (electric wiring inspection) from Interpolis and Centraal Beheer
- Duurzaam Woongemak (sustainability of homes) from Centraal Beheer
- Solar panels from Centraal Beheer
- Climate adaptation monitor
- Boekel ecovillage
- Syntrus Achmea's sustainability policy
- Solar panels at the Apeldoorn office

Climate action

Smart mobility
- Employee mobility policy

Carefree living & working
- Climate policy for investments
- Solar panels for our business operations
- Geothermal energy at the Leeuwarden office
- Participation of Achmea Innovation Fund in Land Life Company
- Reforestation programme with Land Life for one million trees to compensate for CO_2 emissions from our business operations

OUR APPROACH TO CLIMATE CHANGE

Achmea aims to make sustainable solutions accessible to its customers through its 'Sustainable Living. Together' vision. responsibility for the world of tomorrow. We are investing in an inclusive society in which good health, clean energy and nature should be accessible to everyone. Achmea believes implicitly in the importance of actively contributing to the goals set out in the Paris Climate Agreement: to restrict the average global temperature increase to a maximum of 1.5 to 2 degrees Celsius. As a society we can only achieve these goals through working together, with individual parties assuming their share of responsibility. We view this as a moral choice and a necessary one.

Climate change has an impact on Achmea in a variety of ways. We are seeing an increase in the amount of damage: physical damage to the built environment, but potentially also economic, social and health-related damage. This has repercussions for our customers (consumers/employers), for our partners as well as for Achmea itself. We could well be confronted with a higher cost of claims and/or be exposed to additional risks via our investments in specific sectors or in our business operations.

Climate change also affects the development of (sustainable) new products and services both by Achmea and other parties. This chapter gives insight into the impact of climate change on Achmea. We do this on the basis of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). More information on the impact of climate change and data for measuring this impact will become available in the next few years. This will enable us to be increasingly accurate about our targets and key data.

Governance in climate related issues

In its Climate & Energy Transition charter (April 2019), the Executive Board sets out how Achmea aims to contribute to restricting climate change and its impact and how it plans to deal with the repercussions from it. This involves the influence Achmea has on the world around us and the (financial) impact that climate change has on Achmea itself. Achmea gives substance to the charter in three workflows 1. Insurance and services, 2. Investment and funding and 3. Our business operations: each workflow contains long-term ambitions comprising goals and activities in an annual plan. Responsibility for each workflow lies with a member of the Achmea Directors' Council and representatives from different segments collaborate in the workflow. In mid-2021, management of the Climate charter was included in a broader sustainability programme, Achmea Sustainable Together, under the direction of a Programme Board. The programme has the same structure as the three workflows. This means that the Climate charter is now incorporated into this programme. The Programme Board, which comprises the workflow chairs, directors of relevant segments and two members of the Executive Board, takes decisions on climate policy and identifies and discusses dilemmas. The Chief Risk Officer heads the Programme Board on behalf of the Executive Board. The Programme Board reports quarterly to the Executive Board. All impactful decisions made by the Programme Board are adopted by the Executive Board. A range of consultation structures advise and support implementation of the workflows. In addition, the Sustainability Laws and Legislation steering committee, which was installed in 2020, works to ensure Achmea's compliance with (future) legislation governing sustainability.

The risk management process for damage or loss caused by weather conditions, something that needs to be taken into account under climate change, is embedded in the line organisation. Catastrophe models are used to quantify the risk in accordance with the internal model approved by De Nederlandsche Bank (DNB). The Catastrophe Risk Expert Panel advises on the choice of model and parameters and expressly includes climate change in the choices it makes. The internal model acts as input for setting premiums and defining the reinsurance programme. Achmea Reinsurance is the competence centre for reinsurance within Achmea and advises the insurance entities and the group on the reinsurance programme. Decision-making at group level is prepared by the delegates for reinsurance.

Climate strategy

In 2021 Achmea formulated its transition strategy for achieving climate neutrality. Our strategy is aimed at making our customers and society more resilient to the consequences of climate change and stimulating the transition to a climate-neutral society.

Our transition strategy for achieving climate neutrality

Our goal is to achieve climate neutrality in our business operations by 2030, in our investments in companies for our own account by 2040 and in our insurance portfolio no later than 2050 (with 2040 as the target date if principles/metrics are available). Here we commit to a transition route founded on Science-Based Targets derived from the IPCC models. The first reference year for this goal is 2025. The route will be determined using annual targets.

Achmea aims to help its customers to restrict the negative impact of climate change as much as possible. This is in the interest of customers, as it means they do not have to face the direct and indirect repercussions of damage or loss. Yet it is also in the interest of Achmea, as it enables us to control the cost of claims and other insurance-related payments and in doing so keep insurance affordable for our customers. Climate change affects the insurance business, investments and Achmea's business operations in a variety of ways. When it comes to climate risks, Achmea distinguishes between physical and transition risks (see the table on next page).

OUR APPROACH TO CLIMATE CHANGE

Classification of climate-related risks

Physical risks

These are the risks relating to the physical effects of climate change. They may be event-driven (acute), such as an increase in extreme weather conditions (e.g. drought, flooding). They may also relate to a long-term adjustment (chronic) to e.g. the temperature, precipitation and rising sea levels and greater variability in weather patterns.

Transition risks

These are the risks relating to the transition to a low-carbon global economy. They are connected to policy changes by e.g. governments and legislative measures, technological changes, the response from markets and reputational damage.

Impact of climate risks on the insurance business

The following paragraphs describe the financial risks of the negative impact of climate change for each type of insurance.

Property & Casualty insurance

Type of risk	Conclusion of impact property & casualty insurance
Physical risks	Achmea has a high gross exposure to climate-related risks in property & casualty insurance. Climate change is one component of this. As a result, a great deal of attention is already given to climate-related risks in the regular process. The cost of weather-related claims will increase as a result of climate change, but through prevention, government measures (including the Delta Programme), premium adjustments and an effective reinsurance programme, based on current insights this is expected to have few repercussions for Achmea's profitability in the short and medium term, although there is greater uncertainty about the longer term.
Transition risks	The energy transition means that property & casualty risks are changing and new risks arising. Setting premiums based on historical claims statistics is difficult. A great deal of understanding, research and development are required to anticipate these future changes and to price them appropriately.

The physical risks of climate change are mainly relevant to the property & casualty insurance business. There is a difference in the volatility of weather-related risks and trends within it. With respect to climate change, this involves the trend in events (potentially) becoming more serious or more frequent.

Climate change will cause weather conditions to change, although it is not yet clear by how much or exactly when this will happen. Climate change will probably lead to heavier thunderstorms with extreme rainfall or hail and strong gusts of wind, but also to extended periods of drought. Furthermore, we can identify a slowdown in the speed at which low pressure areas move which, if these are accompanied by precipitation, can cause a great deal of nuisance (flooding). In the longer term, climate change could also increase the risk of flooding owing to rising sea levels.

In the Netherlands, the risk of flooding due to the failure or a breach of primary flood defences, i.e. dikes, dams or dunes offering protection from the sea, large inland waterways or major rivers, is excluded for building and contents insurance but covered under hull insurance for motor vehicles, for example. Since June 2021, Achmea has opted to include cover for damage caused by flooding due to a failure in non-primary flood defences in building and contents insurance policies for retail customers. This allows Achmea to offer its customers greater security. Adaptive measures taken by the Dutch government as part of the Delta Programme reduce the flood risk. On balance, this means that climate change is not expected to have a severe effect on flood risk in the next few decades, but it is harder to estimate the impact in the second half of this century. This is mainly due to uncertainty about the extent and timing of climate effects on water management on the one hand, and on the other the progress and effectiveness of mitigating measures in the longer term.

In addition to flooding, periods of drought are also likely to become more common in the Netherlands. It is difficult for owners to mitigate the consequences of drought, such as a drop in groundwater levels or soil subsidence. Moreover, building insurance policies do not cover these risks. In Greece, Turkey and Australia in particular, the growth in periods of drought is increasing the risk of wildfires. The effect of climate change on tropical cyclones is not entirely clear, but there are indications that these are becoming more extreme, tend to move more slowly, are accompanied by more precipitation and, due to rising sea levels in the long term, more flooding from the sea. The upshot is an increase in the amount of damage or loss. This has repercussions for Achmea Farm Insurance in Australia and for Achmea Reinsurance's incoming reinsurance portfolio. As a result, for property & casualty insurance there is an impact from the damage caused by catastrophes. The frequency and scale of this is likely to increase, but the internal model for property & casualty insurance adjusts for these trends. This internal model is used to calculate premiums and select the reinsurance programmes. The annual renewal of property & casualty and reinsurance contracts enables us to manage the corresponding risks effectively and to make timely adjustments.

Climate change has an impact on the insured building risk. Social trends will lead to injured parties and other stakeholders increasingly attempting to hold 'those responsible' liable for the consequences of climate change.

OUR APPROACH TO CLIMATE CHANGE

Climate change will therefore also have an indirect impact on the liability risks of authorities, especially municipalities, water companies and property owners, but also company directors who, in the eyes of the stakeholders, have failed to take (adequate) measures to mitigate the consequences of climate change.

All these trends are likely to have a huge impact on our customers and could lead to higher insurance-related costs (claims and operating expenses) for Achmea, which will affect the margins of the property & casualty business. An increase in the frequency and severity of extreme weather events in the long term may limit the affordability of property & casualty insurance. This is why Achmea aims to give customers insight via the Climate Adaptation Monitor into the impact of climate change and the options open to them for mitigating this. At present, Achmea does not anticipate property & casualty risks currently covered by insurance becoming uninsurable in the Netherlands as a result of climate change.

Transition risks could arise due to changes on the road to a low-carbon economy. New green energy technologies will gradually replace traditional fossil-based technologies. This will transform the energy market and, in turn, the nature of insured assets. This might include solar panels, heat pumps etc. Research and development are therefore required in order to anticipate these changes. Research conducted together with VU University Amsterdam and the Royal Netherlands Meteorological Institute (KNMI) into the damage hail inflicts on solar panels is one example of this. New technology brings other new risks with it as well, such as reliability of energy supplies, especially electricity. Achmea is monitoring these developments closely.

Health insurance

Type of risk	Conclusion impact on health insurance
Physical risks	Due to the extent of health insurance coverage and the way in which health insurance premiums can be adjusted (annually) to gradual developments, the relative impact on Achmea's financial and competitive position in the short and medium term does not seem to be significant.
Transition risks	The transition to a low-carbon economy will lead to less air pollution and therefore have a beneficial effect on health. This is not expected to have a particularly significant effect at a national level.

Average temperatures have risen over the past century, we're experiencing higher rainfall and extreme heat is becoming more common. All of this affects people's health. More people could suffer from allergies, heat-related diseases and heat stress, infectious diseases, ultraviolet radiation and air pollution. In addition, climate change affects the quality of drinking and bathing water and food. These developments pose new challenges for policyholders, the healthcare sector and health insurers. Due to the extent of health insurance coverage and the way in which health insurance premiums can be adjusted (annually) to gradual developments, the relative impact on Achmea's financial and competitive position in the short and medium term does not seem to be significant.

Life & pension insurance

Type of risk	Conclusion of impact life and pension insurance
Physical risks	The impact on life and pension insurance will be minor and mainly occur in the longer term. The financial impact of climate change is not necessarily negative.
Transition risks	The transition to a low-carbon economy will lead to less air pollution and therefore have a beneficial effect on health. This is not expected to have a particularly significant effect at a national level.

The results of a life insurance portfolio are almost completely unaffected by physical climate risks such as storms, precipitation, floods and hail. Mortality risk is more sensitive to heat and cold. This may increase due to summer heatwaves but decrease due to milder winters. These effects will only have a small impact on our life insurance liabilities and moreover will partially cancel each other out. Within Achmea's life insurance portfolio, there is a partial, natural hedge because there are policyholders who obtain lifelong financial security by purchasing a pension or annuity and policyholders who take out term life insurance for payments to surviving dependents in the event of their death. The effectiveness of this hedge against the financial impact of changing mortality rates due to climate change depends on the balance of these effects.

Research shows that a temperature increase in the Netherlands will bring down the 'net temperature-related excess mortality rate' slightly in the coming decades.

Future mortality risk may also be affected by an increase in allergies, respiratory problems, waterborne pathogens and infections. Achmea assumes this will not occur in the short term.

OUR APPROACH TO CLIMATE CHANGE

Impact of climate change on our investments

Type of risk	Conclusion of impact on investments
Physical risks	Physical climate-related risks such as heat, drought and flooding that affect real estate and mortgages are increasingly being identified by Syntrus Achmea and Achmea Bank. A substantial portion of these risks is currently not insurable in the Netherlands. Our interim conclusion is that we expect the impact to be minor in the short and medium term, although there is greater uncertainty about the long term.
Transition risks	Transition risk is the most dominant risk in the investment portfolio. It is not easy to estimate the impact and currently only possible using flawed data. The greatest risk is unforeseen and unexpected volatility due to developments in the energy transition and changing social attitudes. Data and development time are required to quantify climate-related risks more accurately.

Climate-change risks may also have an impact on our investment portfolio in the long term. Some investments, such as real estate, are exposed to physical risks, the impact of which may alter as a result of climate change. Some of these physical risks are insurable - where applicable at higher premiums - but not all. This might include damage to foundations caused by a drop in groundwater levels or cracks caused by subsidence. In the long term, these trends will affect the value of the properties. The impact of flooding depends greatly on the location and type of construction. The Dutch government is taking adaptive measures as part of the Delta Programme and this may restrict the flood risk due to climate change. In the longer term, it is difficult to estimate whether the government's measures will succeed in reducing the risk of flooding due to the uncertainty surrounding increased river discharge and rising sea levels in the second half of this century.

Over the past few years, Achmea has taken steps to provide insight into the climate effects on its real estate portfolio. Data from Climate Adaptation Services (CAS) was used to obtain insight into six climate effects and we conclude that these risks currently are limited. CAS has developed an approach for assessing the physical climate risk for Dutch property portfolios. Heat stress and lower groundwater levels are the main areas for attention in the short term. The next step is to include building characteristics in this assessment. Achmea is currently investigating the options for doing this. Using the same method Achmea Bank is specifically examining the impact of climate change on its mortgage portfolio. This primarily focuses on how the value of the collateral evolves and the related credit risk. Initial insight into the potential impact was obtained in 2021 and this will be worked out further in 2022, including by means of climate-related (scenario) analyses.

Transition risk is the most dominant risk in the investment portfolios. Transition risks may arise in the short term, especially if they are the result of abrupt policy changes Governments and regulators have begun to develop proposals to guide market activities and convert them into more sustainable alternatives. A change in attitudes to sustainability in society can, for example, be triggered by the activities of climate action groups. The above transition risks can cause investments to drop in value (temporarily or otherwise) or become completely worthless (known as stranded assets). Climate change risks are expected to have a minor short-term impact on the total investment portfolio. This is because the required global political consensus is currently (still) lacking to introduce climate-related policies in the short term (e.g. a carbon tax) that could have an impact on the value of our investments, and the utilisation and commercialisation of technological breakthroughs is slow.

The short-term risk is also restricted via diversification across companies, sectors and regions in our investment portfolio, as well as the high liquidity of most of our investments. However, energy transition developments could also generate temporary volatility in the value of our investments. Achmea expects climate-related risks to evolve gradually. This gives it the opportunity to adjust its investment strategy in plenty of time from a risk and return perspective.

Via our investment strategy we want to make an impact while reducing our exposure to carbon-intensive sectors. We do the latter by excluding certain companies from our investment policy, but also by engaging in dialogue with companies on the influence they can have in combating climate change. The fossil fuel sector is a particular focus of attention. In 2021 Achmea formulated its transition strategy for investment in companies. A gradual reduction in exposure to carbon-intensive sectors will reduce the potential risks associated with them.

Impact of climate change on our business operations

Type of risk	Conclusion on impact on our business operations
Physical risks	'Location and time-independent working' has been a key principle at Achmea for many years. At the same time, we spread our outsourcing of aspects such as IT infrastructure over several locations. The risk of disruption to services to our customers is considered to be low on a net basis.
Transition risks	The transition risks of the energy transition for the continuity of business operations are likewise currently assessed as low on a net basis.

Climate-related physical risks such as storms, precipitation and flooding can also have an impact on Achmea's business operations. 'Location and time-independent working' has been a key principle at Achmea for many years. Many of our employees can work from home. This also forms part of our

OUR APPROACH TO CLIMATE CHANGE

'#zowerkenwij' (how we work) vision. At the same time, we spread our outsourcing of aspects such as IT infrastructure over several locations. This derives partly from a desire to guarantee continuity of services to our customers. The concentration of our data centres means that Achmea is at most risk there relatively speaking in the event of extreme weather conditions, but even then the risk is estimated to be low.

For a country that is already largely below sea level, the scenario of rising sea levels due to climate change poses a serious risk, particularly in the longer term. Thanks to the high level of protection in the Netherlands and constant investment in the Delta Programme, Achmea estimates that the risk of flooding is low, both in the short and long term.

As a result of its effects on the living environment, climate change could affect the health and well-being of our employees. A variety of measures can be used to reduce the impact of a prolonged heatwave, for instance by providing cooling in the workplace or adjusting working hours. This risk is therefore currently estimated to be low.

Climate-related opportunities

Climate change can also yield opportunities. Achmea wants to offer insurance and services that help to prevent or restrict damage or loss caused by climate change and reduce our overall carbon footprint. One way we do this is by creating greater awareness via a survey of the 'climate resilience' of homes in the Netherlands (the Climate Adaptation Monitor). We offer services that enable residents of the Netherlands to save energy or switch to sustainable energy sources, such as solar panels and home insulation via Centraal Beheer and green roofs via Interpolis. Moreover, we contribute to sustainability by demanding that raw materials be re-used in insurance and services. When granting mortgages, we offer the opportunity to finance a loan-to-value ratio of up to 106% to give our customers greater financial flexibility for making their homes more sustainable. On top of this, we want to educate the Netherlands on how to prevent or restrict damage or loss caused by climate change, for example via BlueLabel. Read more on this in the chapter Objectives and results - How we create value for society.

Achmea wants to contribute to combating climate change and promoting the energy transition in its own business operations. We want our business operations to be climate-neutral by 2030; among other things this means that our net CO_2 emissions will be zero. To achieve this we plan to increase the proportion of electric vehicles in our fleet of lease cars and enable employees to make sustainable choices in their commuting and business mileage. We want to make our buildings energy-neutral by saving energy and generating energy sustainably, starting with our Apeldoorn office, which should be energy-neutral in 2025. We are cutting our paper consumption back even further and aim to create a (residual) waste-free office. Our aim is only to procure products and services that contribute as much as possible to circularity, energy-saving and reducing CO_2 emissions. On top of this, we opt for a fully circular set-up. The sustainable character of a supplier is taken into account in the procurement selection process. From 2026 and with the help of Land Life Company, we aim to compensate for the remainder of our CO_2 emissions through large-scale reforestation over a period of 40 years.

Risk Management

In 2021 we worked on embedding climate change risks in Achmea's risk framework. At the moment this is most visible via the Strategic Risk Assessment (SRA) and the climate section in the Own Risk and Solvency Assessment (ORSA). The climate section provides a comprehensive overview of the potential impact of climate change and energy transition on a qualitative basis for Achmea. In 2022 we will continue this process by explicitly incorporating climate change risk into our risk management policy documents and conducting a number of risk analyses on specific climate change risks.

The 2021 SRA includes two climate-related risks: 1. Natural catastrophes (including climate change) and 2. Inadequate embedding of sustainability in business concepts. Of these two risks, natural catastrophes (including climate change) could have the greatest impact on the financial position and results of Achmea's property & casualty business in the 2022-2025 business plan period.

This is demonstrated by, for instance, the (extreme) scenarios for storms, precipitation and hail set out in the ORSA. The annual ORSA focuses on the scenarios over a four-year planning period. A distinction is also made here between risks deriving from climate change (trend) and weather-related (catastrophe) risks (variances on the trend). In the coming planning period, the net risk for Achmea is estimated to be low for the risk of 'inadequate embedding of sustainability in business concepts'. The chosen sustainability strategy and goals and the approach for achieving them are aimed at precisely this adequate embedding of sustainability. The ORSA scenario 'deteriorating market position' could apply if Achmea fails to respond to opportunities in the market in good time.

The climate change risks will occur over a longer period than the four-year planning period in the ORSA and therefore require a different approach. In 2021, Achmea further explored the long-term climate scenarios for the Dutch property & casualty portfolio. Using a qualitative approach, the relationship between climate change and the potential claims impact per insurance sector was first established for each climate-related type of risk. The outcome is shown in the table below. We established that the cost of claims due to hail may be particularly sensitive to climate change. Based on an analysis of the current claims data in the internal model,

OUR APPROACH TO CLIMATE CHANGE

EXPERT ASSESSMENT OF VULNERABILITY OF EACH TYPE OF INSURANCE (BASED ON COMBINATION OF EXPECTED CLAIMS AND EXTREME SCENARIOS)

RISK	CHANGE	VULNERABILITY							
		Home	Vehicle	Recreational crafts	Business building/ contents	Business interruption	Greenhouse	Outdoor crops	Transport
Winter storms	=	***	**	*	***	**	**	*	**
Summer storms	⇧	**	*	*	**	*	**	*	*
Lightning:	⇧/=	*	*	0	**	**	*	-	*
Hail	⇧/=	**	***	*	**	*	***	***	*
Precipitation	⇧	**	*	0	*	*	0	***[2]	*
Flooding: primary	⇧/=	-	**	*	-	-	-	-	*
Flooding: non-primary	⇧/=	**	*	*	-[1]	-[1]	-	-	*
Snow/frost	⇩	*	*	*	**	**	***	-	*
Drought	⇧	-	-	-	-	-	-	***[2]	*
Wildfire	⇧	*	*	0	*	*	*	*	0

⇧ Increased risk
⇩ Decreased risk
= Risk unchanged or unclear

*** Extremely vulnerable
* Somewhat vulnerable
0 Immune
- Not covered

[1] Cover for flooding is being considered.
[2] Cover for drought and precipitation for outdoor crops only offered in Belgium.

we can conclude that a large portion of the current cost of claims derives from causes other than weather-related causes such as windstorms, hail and flooding. For example, over 80% of the total claims for buildings and contents comes from non-weather-related causes such as fire and burglary. The weather-related portion is dominant in the greenhouse industry.

For weather-related causes such as windstorms, precipitation and hail, an indicative calculation of the higher cost of claims was made for the (Representative Concentration Pathways) RCP4.5 scenario (increase of nearly 3°C in 2100), the most likely scenario and the RCP8.5 scenario (increase of nearly 5°C in 2100), the worst-case scenario based on insights from a recent scientific study on windstorms and hail scenarios in the 21st century. The cost of claims is 30% higher for the RCP4.5 scenario and 60% higher for the RCP8.5 scenario. Initial results suggest that the rise in the cost of claims for fire insurance and hull insurance for motor vehicles will still be relatively small. The increase will be significantly larger for hail insurance and greenhouse insurance, but in the latter tempered glass offers highly effective protection against small and medium-sized hailstones. One uncertain factor is the availability of reinsurance capacity at reasonable premiums. Reinsurance capacity has grown sharply over the past few decades. This analysis assumes that enough reinsurance capacity will be available at reasonable premiums.

Internal model

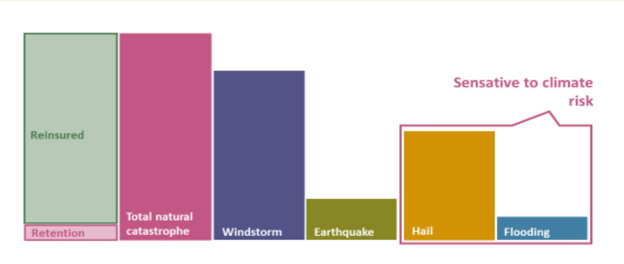
Dutch property & casualty insurance policies are especially sensitive to windstorms, hail, extreme rainfall and flooding. For these risks, Achmea has developed an internal model for solvency calculations that has been approved by De Nederlandsche Bank (DNB). The table below lists the risks for the main Dutch portfolios as quantified using the internal model.

	BUIILDING & CONTENTS	GREEN-HOUSE	HULL INSURANCE FOR MOTOR VEHICLES
Windstorm	√	√	√
Hail and extreme rainfall	√	√	√
Flooding			√

The internal model is based on externally developed vendor models for windstorm and hail for the exceptionally large claims and on Achmea's own claims history for the relatively frequent claims. The vendor models translate meteorological simulations into claims within the portfolio and yield a probability distribution for the cost of claims. By correcting for the upward trend in claims history that corresponds to extreme weather conditions, the quantification of risk is adjusted to long-term changes to the weather. We use a proprietary model to calculate the flood risk.

OUR APPROACH TO CLIMATE CHANGE

The internal model is used both for solvency calculations and for other purposes, such as premium calculation and the choice of structure and the scale of reinsurance cover. Windstorms are the biggest catastrophe risk for our Dutch insurance entities. Major windstorms mainly occur in the Netherlands in the period from October to March. Climate change has a minor effect on windstorms compared to natural climate fluctuations. The scale of the reinsurance programme purchasing for the group is primarily defined by the windstorm risk. As a result, even major hail damage that occurs once every 200 years still comes well within the reinsurance cover that is dominated by storms. This applies to all catastrophe risks, including the flood risk. This makes Achmea less financially sensitive to the risks caused by climate change. See below for a stylised depiction of this.



Flood risk is increasing in Greece, Turkey and Australia as a result of the higher risk of extreme precipitation. Interamerican Greece develops a weather-related claims database to reveal climate risk at the level of individual addresses. The risk of wildfires is also growing in Greece, Turkey and Australia. These risks are mitigated by means of reinsurance.

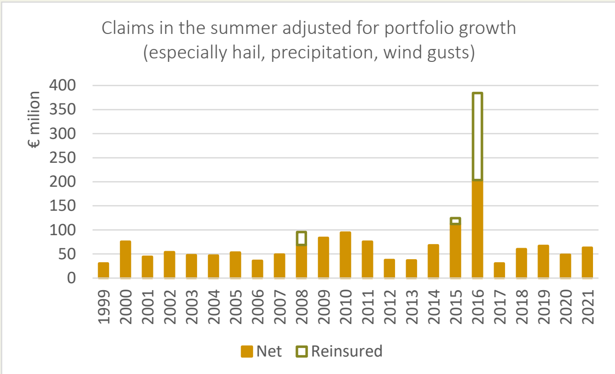
Key indicators and targets

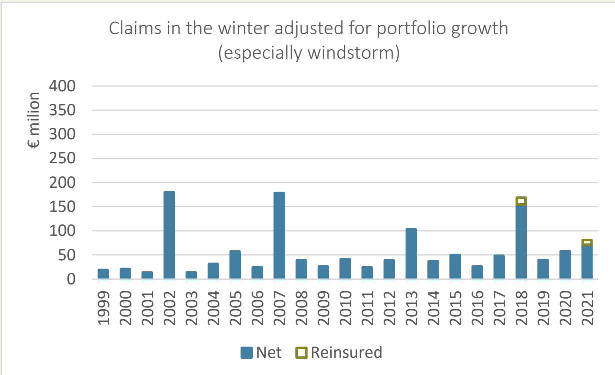
Achmea reports a number of key indicators in order to gain insight into the effects of climate change or climate-related risks and/or the progress of the transition strategy. It has also set targets for some of these.

The figure on the right depicts the growth of weather-related claims in the Netherlands before and after reinsurance, adjusted for portfolio growth, divided into claims in the winter (mainly windstorms) and summer (mainly claims relating to thunderstorms, such as hail, extreme rainfall and strong winds). The figure shows that while it is not possible to discern a clear trend in the winter claims it is in the summer claims. These claims, adjusted for the trend for the summer, serve as input for the internal model and as such are included in the solvency calculations, premium calculations and choice of reinsurance programme.

Achmea measures the carbon footprint of its investments for (some of) the own risk investments and investments backing linked liabilities. We have reached agreement with our asset managers on achieving a gradual reduction in the carbon footprint compared with the applied benchmark in the equity and corporate bond portfolios. You can read more on this in supplement E ‘Information on our carbon footprint’. In addition, via our exclusion policy and engagement processes with the companies in which we invest, we aim to have an impact in combating the effects of climate change. In 2021, we conducted thematic engagement processes involving engagement targets for environment and/or climate-related topics with over 25 companies. Normative engagement was also conducted, with these topics featuring prominently in discussions. Read more on this in the chapter Objectives and results - How we create value for society. The EU Taxonomy Regulation came into force in 2021. Under the EU Taxonomy, economic activities are assessed and classed on their contribution to the EU’s sustainability-related policy goals. The required information and applied system are given in Supplement F ‘Information on the EU Taxonomy for sustainability’.

Achmea’s ambition is to achieve completely climate-neutral business operations by 2030 by means of set quantified targets for reducing our greenhouse gas emissions. You can read more on this in supplement E ‘Information on our carbon footprint’.





FLOODING IN LIMBURG, 12-15 JULY 2021

Apart from the impact of Covid-19, Achmea is increasingly seeing higher weather-related claims. The flooding in Limburg and a few other areas of the Netherlands in mid-July is a good example of this. Achmea's damage experts arrived on the scene immediately to support customers and rectify the damage. The aim was to enable customers to get on with their lives again as soon as possible. It will take us some time to complete handling of all these claims.

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HOW WE CREATE VALUE FOR OUR EMPLOYEES

INDICATOR	2021	2020
Gender diversity in the Directors' Council (% of women)	22%	23%
Gender diversity in senior management (% of women)	32%	32%
Employee Engagement Survey score on Vitality	7.2	7.2
Employee Engagement Survey Indicator: our team works well together in the chain	7.5	7.5

Our employees are the beating heart of our company. We use our HR policy to ensure that our employees continue their personal development, put their talents to the best-possible use and allow their professionalism to shine through, so that together we can solve major social issues relating to the themes of health, mobility, income and living.

Enhancing employment practices and employer branding

Achmea's employment practices were revised this year in collaboration with the Central Works Council (COR) and translated into an employer commitment:

> At Achmea I am given the confidence to bring out the best in me. My talents are put to use and I am noticed. My work has significance for our customers and is appreciated. I inspire the same confidence in my colleagues as well. This is how we work for and together with each other. If I leave the company, Achmea is the better for me having worked there and while there I evolved as a person and a professional.

This employer commitment forms the starting point for all our actions. It shapes our employment practices and how we interpret our HR policy. The individual brands (such as Interpolis, Zilveren Kruis and Centraal Beheer) support and enrich these Achmea Employment Practices. A new Employer Branding Campaign was launched to boost this Employer Branding: De Hartlopers. The campaign focuses on Achmea employees who, above all, care: they follow their hearts in everything they do. The aim of this campaign was to inspire potential employees and make them want to work for Achmea. The Hartlopers campaign was also rolled out internally with a view to stimulating internal mobility/promotions. Last year fifty percent of vacancies for permanent positions were filled internally. The NPS score for recommending Achmea as an employer was as high as ever this year at 33.4 (2020: 31.3).

Hybrid and activity-based working

Achmea's Future of Working programme has been examining the future after Covid-19. Pilot projects were used to test how Achmea's new way of working, which prioritises hybrid and activity-based working, pans out in practice. These showed that there is no single approach that works for the whole of Achmea. Employees were therefore asked to talk to their team members about Achmea's new way of working and, for example, to decide - within certain parameters - which activities required team members to come into the office and when they could work from home.

Developing talent and expertise

Achmea provides plenty of opportunities to employees to assist them in working on their talents and expertise. We introduced TOP (Talent, Development and Performance) in 2019 with the aim of conducting ongoing dialogue on learning, development (of talent) and performance based on six frameworks. After three years this programme has now been embedded in the divisions. Our partnership with the biggest training broker in the Netherlands means that Achmea employees can now find (external) training courses for their professional and personal development in their own learning environment.

Last year a pilot scheme involving an unlimited focused training budget was conducted under the current collective labour agreement. This showed that this type of scheme lowers the threshold for learning and developing for employees, that more employees take courses and that on

Dilemma: robotisation versus employment

At Zilveren Kruis and De Friesland about sixty employees in the Claims Services department are no longer needed as a result of robotisation and outsourcing of reimbursement claims. Robotisation enables us to process claims more quickly and more cheaply but also has undesirable repercussions for some of our employees. It meant that these employees needed to find new jobs. Rapid and clear communication is essential here. Thanks to this, these colleagues were able to review their next step well in advance and, if necessary, they had plenty of time to start retraining or doing additional training.

HOW WE CREATE VALUE FOR OUR EMPLOYEES

average each employee takes more courses. The results of this pilot have prompted Achmea to extend the unlimited focused training budget to all its employees. In 2021, 68,749 (2020: 57,889) training courses were followed and the average rating was 7.5 (2020: 7.5). The Employee Engagement Survey scores for training opportunities, stimulating personal development and what is agreed in this respect were higher last year.

Further digitisation is leading to more and more changes to the work of the teams. Achmea's team leaders are given assistance on preparing their teams for this. To this end, a special Digital transformation leadership programme was developed for the leaders of operational teams.

Encouraging vitality

Achmea holds the wellbeing and employability of its employees to be extremely important: they can perform their best work if they are physically, mentally, emotionally and financially fit. Yet working from home for a prolonged period owing to the coronavirus restrictions has had an impact on this. Absenteeism has increased over the past year and employees say their performance and stamina have suffered. In a bid to encourage employees to strike the right balance between their professional and private lives, the standard working week has been cut to 34 hours in 2021. During a transition period, however, employees have the option to work a 36-hour working week. Of the full-timers, 38.1% chose to work 34 hours a week this year, with the percentage rising to 48.8% in 2022. The work pattern will be reduced to a maximum of 8.5 hours a day from 2022.

Each of Achmea's key locations has a Healthy Working area: a place where employees can easily make a preventive appointment with a work/life coach, nutrition coach, psychologist, company doctor, physiotherapist or menopause consultant. Healthcare solutions focusing on empowerment are aligned with our vision of personal control and aimed at encouraging employees to set to work on their vitality. In addition to consultations and coaching, we work more towards creating inspiration and wellbeing experiences, from the broad spectrum of well-being. Via events we take advantage of the office's function as a community centre to bring our range of preventive measures closer to our employees.

Diversity and inclusion

Achmea aims to have a diverse and inclusive workforce. Last year, Achmea participated in a pilot scheme 'nudging in recruitment and selection' in collaboration with the Ministry of Social Affairs and Employment. We experimented with different ways of selecting candidates more objectively. The results from this pilot led to our decision to implement this across Achmea from 2022. This means that from 2022 we will strive to describe all job vacancies in a neutral manner, focus as little as possible on CVs and letters of application and conduct interviews differently.

The aim is to strike the right balance in terms of gender diversity at all levels, while the goal is to have at least 30% female employees. The table below gives the percentage of male and female employees at Achmea. The percentage of women in senior management remained more or less the same. The percentage of women at executive level grew to 28% (year-end 2020: 27%).

	MALE		FEMALE	
	2021	2020	2021	2020
Supervisory Board	63%	56%	37%	44%
Executive Board	50%	67%	50%	33%
Directors' Council	78%	77%	22%	23%
Sr. management	68%	68%	32%	32%
Executive level	72%	73%	28%	27%
Total Achmea	53%	53%	47%	47%

Excluding third-party companies and international operating companies

High Employee engagement survey response rate

The Employee Engagement Survey (MBO) tells us whether we are on the right track towards achieving our strategy in this respect. Achmea therefore conducts this survey each September. At 84.3%, the response rate in 2021 was once again high (2020: 87.4%). The survey therefore provides a reliable picture of employee engagement at Achmea. Last year's high scores were equalled for seven of the eight themes. Only the Engagement score has declined marginally: from 8.3 in 2020 to 8.2 in 2021.

Participation bodies and trade unions

Achmea believes it is important to have good relations and cooperation with participation bodies. In this, we aim to resolve organisational problems through a process of co-creation. In 2021 the Achmea Works Councils held regular consultations with the management of the operating companies. At central level the Central Works Council (COR) held talks with the Executive Board. The Central Works Council handled a total of five requests for advice and one request for consent in 2021.

Achmea held talks with the trade unions about the current collective labour agreement as well as a new version of it. The trade unions and Achmea are poles apart when it comes to pensions and wages. This led to Achmea making a final offer to the trade unions. Members of the FNV Finance and CNV Vakmensen unions agreed to this final offer, which resulted in a new, two-year collective labour agreement. This includes a structural pay rise and a climate budget of €2,500 that employees can use to buy products or services that contribute to sustainability.

HOW WE CREATE VALUE FOR OUR EMPLOYEES

Ethical corporate culture

Achmea attaches a great deal of importance to an ethical corporate culture. This is why Achmea conducts an annual integrity risk analysis and a General Code of Conduct applies to all employees. We aim to prevent undesirable behaviour, partly through clear communications on the subject.

We ask employees, mandatory or not, to swear an oath or affirmation in which they promise to carry out their work in an ethical and prudent manner. Employees can also follow an e-learning integrity module. About 94% of our internal and external employees have completed this module since 2017. The module gives them tips on how to recognise integrity dilemmas in their day-to-day work and the correct way to deal with them.

We have a complaint system for dealing with complaints of undesirable behaviour and a general individual right of complaint. There is also a Whistleblower scheme and a total of 20 confidential advisers for employees (19 internal and one external). In 2021, the confidential advisers oversaw 56 cases (2020: 70 cases). One complaint was submitted to the Undesirable Behaviour Complaints Committee in 2021. This complaint was declared to be unfounded. Management nevertheless followed up on the advice and recommendations, while the complainant complimented Achmea and displayed understanding for the way the process had been pursued and for the assistance they had received. No complaints were dealt with via the internal and external confidential advisers under the Whistleblower scheme in 2021.

HOW WE CREATE FINANCIAL VALUE

INDICATOR	2021	2020
Operational result	€585 million	€630 million
Gross operating expenses	€2,132 million	€2,058 million
Proposed dividend per ordinary shares	€0.46 per share	€0.38 per share
Solvency (SII ratio)	214%	208%

As a major financial services provider, we believe it is important for all our stakeholders that we occupy a robust financial position and earn sound financial results in the short and long term. We offer our customers financial security and enter into long-term relationships with them. Our customers rely on us to be able to give them that security when they need it. This might be immediate, for instance on a visit to the dentist, but also dozens of years later when a customer decides to retire. We use the majority of the premiums we receive to compensate for damage or loss and to pay benefits. For instance, within our health business we paid out 98% of the premiums that we received over 2021 to compensate for healthcare expenses. These expenses relate to payments to healthcare providers and/or policyholders for received care.

Financial performance is important to the continuity of our company so that we are able to meet our liabilities to all stakeholders. Within this we need to maintain a balance between administrative costs, profits and solvency on the one hand, and premium levels on the other. Poor financial performance can have a negative impact on our capacity to invest, restrict our ability to innovate as well as adversely affect continuity. It is therefore important that we have sufficient funds to be able to absorb any catastrophes properly. Robust capital buffers are essential to being able to meet our liabilities in the future as well.

In addition to being an insurer, Achmea is an innovative broad financial provider. We invest in our employees and in developing new products and services to this end. This requires capital, part of which is derived from the profit we make and from the capital released each year through the run-off of our life and pension insurance book. Through investment we make our company even more future-proof and remain relevant to society, our customers and our employees.

Our primary financial stakeholders are our shareholders, bondholders and credit rating agencies. Stable results and healthy reserves enable us to meet our financial obligations to our shareholders and bondholders as well. For instance, our shareholders receive a predictable dividend each year and we pay interest on the bonds we issue. A sound credit rating allows us to borrow at a favourable rate on the capital market. These low financing expenses in turn help us to offer our insurance products at competitive prices.

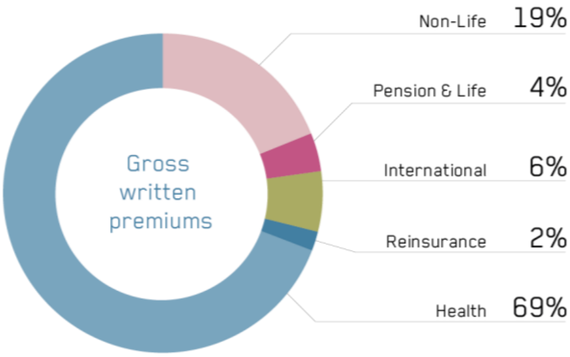
When formulating our financial and strategic goals, we take into account the wishes and needs of all our stakeholders: the estimated financial liabilities to customers, the personal and professional development of our employees and the predictable payments to our financial stakeholders. Our target annual return is a reflection of these wishes and needs.

In the following paragraphs we provide an overview of our financial results and financial position for 2021. We do this for both the results for the group and for the various segments that Achmea identifies in its business operations. We also provide information about our investment portfolio.

Results and developments in 2021

GROUP RESULTS

GROSS WRITTEN PREMIUMS	NET RESULT	TOTAL EQUITY	SOLVENCY SII
€20,026 MILLION	€486 MILLION	€10,633 MILLION	214%



(€ MILLION)

RESULTS	2021	2020	Δ
Non-Life Netherlands	264	260	2%
Pension & Life Netherlands	392	253	55%
Retirement Services	18	22	-18%
International activities	47	23	n.b.*
Other activities	-146	-163	10%
Operational result excluding Health Netherlands	**575**	**395**	**46%**
Health Netherlands	10	235	-96%
of which Basic Health Insurance	-127	75	n.b.*
of which Supplementary Health Insurance	140	166	-16%
Operational result including Health Netherlands	**585**	**630**	**-7%**
Corporate income tax impact rate change	-19	-92	79%
Corporate income tax expenses	136	80	70%
Net result	**468**	**642**	**-27%**
Gross operating expenses[1]	**2,132**	**2,058**	**4%**
Non-Life Netherlands	3,766	3,668	3%
Health Netherlands	14,025	14,284	-2%
Pension & Life Netherlands	859	1,005	-15%
International activities	1,260	1,104	14%
Gross written premiums	**20,026**	**20,175**	**-1%**

HOW WE CREATE FINANCIAL VALUE

BALANCE SHEET	31 December 2021	31 December 2020	Δ
Total assets	89,506	93,655	-4%
Total equity	10,633	10,559	1%

ASSETS UNDER MANAGEMENT (in € billion)	31 December 2021	31 December 2020	Δ
Achmea Investment Management	220	203	8%
Syntrus Achmea Real Estate & Finance	40	37	7%
Total Assets under Management**	**247**	**227**	**9%**

SOLVENCY II	31 December 2021	31 December 2020	Δ
Solvency ratio after dividend[2]	214%	208%	6%-pt

RATINGS	31 December 2021	31 December 2020	
S&P (Financial Strength Rating)	A (Stable)	A (Stable)	
Fitch (Insurer Financial Strength)	A+ (Stable)	A+ (Stable)	

EMPLOYEES IN THE NETHERLANDS AND ABROAD[3]	31 December 2021	31 December 2020	Δ
FTEs Netherlands	13,672	14,062	-3%
FTEs International	3,152	3,205	-2%
Total FTEs	**16,824**	**17,267**	**-3%**

* n.m.: not meaningful

** Total Assets under Management after eliminations

1 Gross operating expenses comprise personnel expenses, depreciation costs for land and buildings for company use and plant and equipment and general expenses, including IT expenses and marketing expenses. These are operating expenses excluding paid and due fees, profit sharing and reinsurance commissions, and before the allocation of claims handling expenses and allocated investment costs.

2 The solvency ratios reported here are based on a Partial Internal Model and are after the deduction of (planned) payment of dividends and coupons on hybrid capital.

3 The number of FTEs is based on a working week of 34 hours.

Overview of group results

Achmea earned a strong operational result of €585 million in 2021 (2020: €630 million). The result from our health business is lower than last year, primarily owing to the contribution of reserves to limit increases in premiums. The Non-Health result is significantly higher thanks to autonomous growth and a sharp upturn in investment income. Non-Life noted a sound operational result supported by premium growth. The increase in result at Pension & Life was largely driven by the higher investment results. At Retirement Services, the result decreased due to investments in improved customer services, growth and efficiency, while at International the result increased in part due to robust growth in the number of customers, premium growth and an improvement in the result in Slovakia and Greece.

The operational result at Non-Life Netherlands increased marginally to €264 million in 2021 (2020: €260 million). The insurance results are lower because of a higher cost of claims caused by snowstorm Darcy in early 2021 and the flooding in Limburg, as well as additional provisions for personal injury claims from previous years, partly owing to the continued low market interest rates. This was offset to some extent by an improved result at income protection insurance and a decline in the number of break-ins and traffic accidents, in part due to Covid-19. The drop in the expense ratio caused by further digitisation and efficiency improvements also made a positive contribution. The combined ratio increased to 93.9% (2020: 92.9%). The investment results were slightly higher. The investment results were slightly higher. In addition, accounting estimates have an impact on the result, see Note 1 Accounting policies in the consolidated financial statements.

HOW WE CREATE FINANCIAL VALUE

Health Netherlands earned a result of €10 million in 2021 (2020: €235 million). The lower results are mainly caused by the allocation of our reserves to limit the increase in premiums for 2022. This was offset to some extent by the government contribution from the statutory catastrophe scheme in relation to Covid-19, lower health expenses in part due to a scaling down in elective care and a positive result on supplementary health insurance.

The operational result at Pension & Life Netherlands increased to €392 million in 2021 (2020: €253 million). This improvement was mainly driven by an increase in the investment results because of the positive development of financial markets and by lower expenses because of efficiency improvements.

The operational result for Retirement Services decreased to €18 million in 2021 (2020: €22 million). This decrease is due to higher expenses, in part related to investments in data-driven customer services, improvement of the organisation and preparations for market developments, such as the new pension agreement. Assets under Management increased by 9% to €247 billion thanks to the inflow of new customers.

The operational result for the International activities grew by €24 million to €47 million (2020: €23 million). This increase was primarily driven by an improvement in the result in Slovakia, partly due to one-off effects and partly due to lesser impact of Covid-19 compared to 2020. The International activities realised strong premium growth while expenses increased moderately.

The result on Other activities improved by €17 million to €146 million negative. The operational result of Achmea Reinsurance increased to €27 million (2020: €2 million) owing to higher investment results and fewer claims in the Achmea portfolio. Financing expenses were lower as well. The result on our Other activities is negative because a significant portion of the expenses from the holding company and shared service activities, as well as the financing expenses for the bonds issued by Achmea, are shown in this segment.

Net result

The net result amounted to €468 million in 2021 (2020: €642 million). The effective tax expenses were €117 million (19.9%), €129 million higher than in the same period last year (2020: effective tax rate -1.8%). The reversal of a planned reduction of income tax rates in 2020 and the higher taxable results as a consequence of the sound result at the Non-Health activities in 2021 are the main drivers for the higher effective tax rate over 2021 compared to 2020.

Income

Gross written premiums decreased slightly by 1% to €20,026 million in 2021 (2020: €20,175 million). A reduction in premiums at Health, and in the Life service book caused by the run-off of the portfolio, was partly offset by premium growth in our strategically important growth markets of Non-Life and International, as well as by revenue growth at Retirement Services.

Written premiums at Non-Life Netherlands grew by 3% to €3,766 million (2020: €3,668 million) thanks to an increase in the number of retail and business customers at property & casualty. Premiums from our international property & casualty and income protection business grew by 8% to €560 million (2020: €518 million), mostly from growth in Australia and Greece.

Premiums within Health Netherlands decreased by 2% overall to €14,025 million (2020: €14,284 million) because of a drop in the number of policyholders in 2021 and a lower contribution per policyholder from the Health Insurance Equalisation Fund. Premiums from our international health business grew by 20% to €664 million (2020: €555 million), primarily due to growth in Slovakia.

Written premiums from pension and life insurance policies decreased by 13% to €938 million (2020: €1,078 million) due to the reduction in premiums at Pension & Life Netherlands. This decrease is in line with our service-book strategy.

At Retirement Services, income increased by 8% to €396 million in 2021 (2020: €368 million), mainly because of higher income from fees related to new customers.

GROSS WRITTEN PREMIUMS IN THE NETHERLANDS AND ABROAD (€ MILLION)

	2021	2020	Δ
Non-Life	4,399	4,258	3%
Health	14,689	14,839	-1%
Life	938	1,078	-13%
Gross written premiums	**20,026**	**20,175**	**-1%**

HOW WE CREATE FINANCIAL VALUE

Operating expenses

Gross operating expenses increased by 4% to €2,132 million in 2021 (2020: €2,058 million). Despite the overall improvement in efficiency, this increase was caused by higher personnel expenses deriving from indexations and higher pension contributions.

The total number of employees decreased to 16,824 FTEs (year-end 2020[1]: 17,267 FTEs). In the Netherlands, the number of FTEs decreased to 13,672 (year-end 2020[1]: 14,062 FTEs), mainly in the Health segment.

The total number of employees outside the Netherlands decreased to 3,152 FTEs (year-end 2020[1]: 3,205 FTEs).

Investments

Investment income[2] from our own risk investment portfolio was €1,144 million in 2021 (2020: €993 million). The higher investment income is driven by financial market developments which were characterized by further recovery and growth after the economic decline in 2020. Equity markets rose and capital market yields increased. Spreads on corporate bonds initially tightened, only to widen again due to the drop in demand and growing risk perception.

The higher investment income consists for €124 million of higher residential, office and retail property valuations. Furthermore, compared to 2020 the impact of impairments on equities and fixed-income securities is €61 million lower over 2021. The investment income was also positively affected by the higher realised gains on equities (€65 million) and a higher result on commodity positions (€20 million). These positive effects were mitigated somewhat by the lower direct yields on fixed-income securities (€42 million).

Although by far the largest portion of our investment portfolio comprises fixed-income investments, the changes in the value of our fixed-income securities and interest-rate derivatives in our Dutch pension and life insurance business, caused by fluctuations in market interest rates, are not immediately visible in the results. All realised and unrealised investment income on fixed-income securities and interest-rate derivatives for own account and risk are set aside in a Provision for discounting of insurance liabilities. This forms part of our technical provisions to cover liabilities to our customers with pension or life insurance policies. Our fixed-income and interest-rate derivatives portfolio has decreased in value as a result of the higher yields and wider credit spreads. Although under the accounting rules this has no impact on the result, this led to a decrease of the Provision for discounting of insurance liabilities by €2.2 billion to €9.7 billion in 2021 (year-end 2020: €11.9 billion).

The value of the total investment portfolio decreased to €51.9 billion (year-end 2020: €54.6 billion). This was largely due to the upturn in interest rates and wider credit spreads. to the upturn in interest rates and wider credit spreads.

Capital management

Total equity

Achmea's equity increased by €74 million to €10,633 million in 2021 (year-end 2020: €10,559 million). This is mainly due to the addition of the net result, dividend and coupon payments amounting to €222 million and share buybacks totalling €131 million in December 2021.

DEVELOPMENT OF TOTAL EQUITY (€ MILLION)

Total equity 31-12-2020	**10,559**
Net result	468
Movement in revaluation reserve	22
Movement in exchange difference reserve	-42
Remeasurement of net defined benefit liability	-21
Dividends and coupon payments to holders of equity instruments	-222
Share buyback	-131
Total equity 31-12-2021	**10,633**

Solvency II

The solvency position of Achmea Group, partly based on internal models for calculating the required capital for the insurance risks of the property & casualty and income protection insurance and for market risks, increased to 214% in 2021. Apart from the strong operational result, this was also due to positive market developments, such as higher equity prices, property prices and tighter spreads on mortgages. The higher interest rates led to a decrease in the solvency capital requirement for longevity risk. In addition to the market developments, models changes and portfolio developments also had a positive impact on the Solvency II ratio.

These positive developments were partly offset by the reduction in the UFR[3] as of 1 January 2021, higher inflation forecasts, the share buyback programme and planned dividend and coupon payments.

1 The number of FTEs is based on a working week of 34 hours.
2 Investment income consists of investment income (own risk) in the Consolidated Income Statement, including income from associates and joint ventures and realised and unrealised gains and losses, adjusted for investment income directly related to the insurance liabilities (both fair value and other).
3 UFR: Ultimate Forward Rate.

HOW WE CREATE FINANCIAL VALUE

SOLVENCY II RATIO FOR ACHMEA GROEP

(€ MILLION)

	31-12-2021	31-12-2020	Δ
Eligible Own Funds under Solvency II	10,363	10,696	-333
Solvency Capital Requirement	4,853	5,153	-300
Surplus	5,510	5,543	-33
Solvency II Ratio[1]	**214%**	**208%**	**6%-pt**

Free Capital Generation[2]

Total Free Capital Generation (FCG) amounted to €740 million in 2021. The FCG was mainly driven by portfolio developments, including the release of capital in the Pension & Life Netherlands service book, and by favourable market developments. The methodology and model changes also contributed positively to the FCG. Non-economic assumptions, including higher inflation forecasts, and the reduction of the UFR to 3.60% as of 1 January 2021 had a negative impact on the FCG. The operational result from the Dutch health business is not included in the FCG.

Financiering

The debt-leverage ratio[3] decreased to 23.9% (year-end 2020: 24.0%) because of an increase in total equity versus an unchanged debt position.

The fixed-charge coverage ratio improved marginally to 6.0x[4] (2020: 5.9x), mostly due to the lower interest expenses resulting from the refinancing of €750 million in Senior Unsecured Notes at the end of 2020.

On 2 August 2021, Standard & Poor's (S&P) affirmed its A rating and stable outlook for Achmea's Dutch core insurance entities. The stable outlook reflects S&P's expectation that Achmea will maintain its leading position in the Dutch non-life and health insurance markets, with a capital position of at least in the A range and a fixed-charge coverage ratio of 4x or higher. The credit rating (ICR[5]) for Achmea B.V. remained unchanged at BBB+. The rating (FSR[6]) for Achmea Reinsurance Company N.V. and the rating (ICR) for Achmea Bank N.V. remained unchanged at A-.

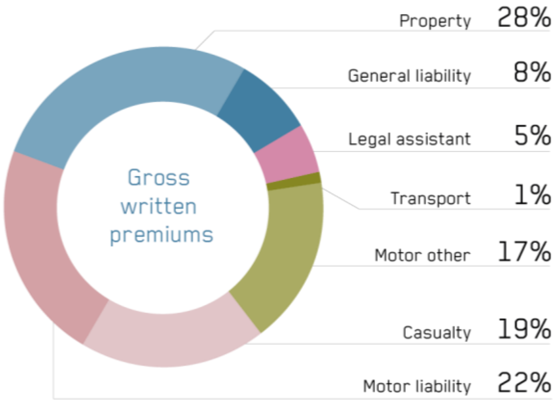
Fitch affirmed its rating for Achmea B.V. and its insurance entities on 5 August 2021. This decision was supported by a score of Very Strong with regard to the business profile, capitalisation and leverage. Its ratings are A (IDR[7]) and A+ (IFS[8]) respectively with a stable outlook.

1 The solvency ratios reported here are based on a Partial Internal Model and are after the deduction of (planned) payment of dividends and coupons on hybrid capital.
2 This relates to the amount of free capital that is generated. This is the increase in capital above the Solvency Capital Requirement.
3 Leverage ratio: (non-banking debt + perpetual subordinated bonds) as a percentage of the total (total equity + non-banking debt + perpetual subordinated bonds minus goodwill).
4 The FCCR is based on the results and financing charges of the last four quarters.
5 ICR: Issuer Credit Rating.
6 FSR: Financial Strength Rating.
7 IDR: Issuer Default Rating.
8 IFS: Insurer Financial Strength.

HOW WE CREATE FINANCIAL VALUE

Non-Life Netherlands

GROSS WRITTEN PREMIUMS	OPERATIONAL RESULT	CLAIMS RATIO	EXPENCE RATIO
€3,766 MILLION	€264 MILLION	69.3%	24.6%



RESULTS

(€ MILLION)

	2021	2020	Δ
Gross written premiums	3,766	3,668	3%
Operating expenses	909	901	1%
Operational result	**264**	**260**	**2%**

NON-LIFE NETHERLANDS	2021	2020	Δ
Claims ratio	69.3%	67.8%	1.5%-pt
Expense ratio	24.6%	25.1%	-0.5%-pt
Combined ratio	**93.9%**	**92.9%**	**1.0%-pt**

General information

Achmea is the market leader in property & casualty and income protection insurance. We provide our retail and business customers with products such as mobility, home, liability and travel insurance. In addition, we offer sickness and disability insurance. We assist our customers on a daily basis when they are confronted with damage to their property or cause damage themselves. But also by continuing to pay their salaries when they become ill or disabled. In addition we are fully committed to creating added social value and to digitisation and, for example, giving our customers insight into the risks to which they are exposed. In doing so, we help our customers to prevent or restrict damage as much possible. We distribute our products and services directly through our brands Centraal Beheer, FBTO and InShared, which gives us a strong position in the retail market. The InShared label was also launched in Germany at the end of 2021. Interpolis is the brand for customers of our important partner Rabobank and via Avéro Achmea we have an excellent partnership with intermediaries. Our focus is on a high level of customer satisfaction, social added value and digitisation of processes. This focus enables us to build on our market leadership, strong brands and wide distribution.

Gross written premiums

Gross written premiums increased by 3% to €3,766 million in 2021 (2020: €3,668 million). This growth was primarily driven by an increase in the number of retail and SME customers at property & casualty.

Gross written premiums from our property & casualty insurance business increased by 4% to €3,136 million (2020: €3,021 million) based on strong online distribution and highly-rated customer propositions in both the retail and commercial lines, as well as growth in N.V. Hagelunie's international portfolio.

Gross written premiums from the income protection insurance business decreased to €630 million in 2021 (2020: €647 million).

HOW WE CREATE FINANCIAL VALUE

Operating expenses

Operating expenses increased marginally to €909 million in 2021 (2020: €901 million). The expense ratio decreased to 24.6% (2020: 25.1%) due to ongoing digitisation, efficiency improvements and increased revenue.

Operational result

The operational result at Non-Life increased to €264 million in 2021 (2020: €260 million). On balance the insurance result is lower. The combined ratio increased to 93.9% (2020: 92.9%) and remains solid. The investment results were slightly higher owing to the positive developments on the financial markets and the optimisation of the investment portfolio.

The result on property & casualty insurance decreased to €210 million in 2021 (2020: €238 million). This led to an increase in the combined ratio for the property & casualty insurance business to 94.4% (2020: 92.2%). The result was positively impacted by fewer reported claims caused by a decrease in the number of break-ins and traffic accidents, the latter in part due to lower traffic volumes during the Covid-19 pandemic. On the other hand, a higher cost of claims resulting from snowstorm Darcy in early 2021 and from flooding in Limburg has been incurred. Furthermore, additional provisions were being made in 2021 for personal injury claims from previous years, partly due to the continued low market interest rates.

The result from income protection insurance increased to €54 million in 2021 (2020: €22 million), despite the higher number of claims and longer recovery periods caused by Covid-19. The higher result derives from improvements (including premium adjustments) in the disability insurance for the self-employed, sickness and WIA (Disability Act) insurance portfolios. Our ongoing focus on timely convalescence is leading to a better result, with the combined ratio for income protection improving to 91.1% (2020: 96.9%).

HOW WE CREATE FINANCIAL VALUE

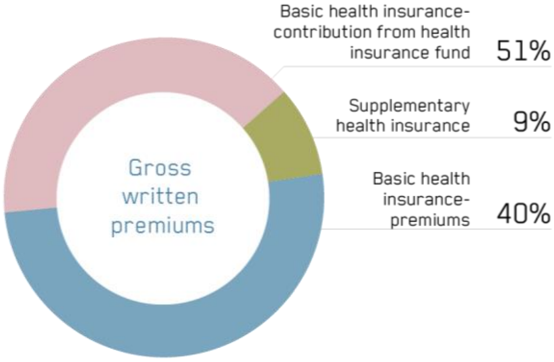
Health Netherlands

GROSS WRITTEN PREMIUMS
€14,025 MILLION

OPERATIONAL RESULT
€10 MILLION

COMBINED RATIO BASIC HEALTH INSURANCE
101.4%

COMBINED RATIO SUPPLEMENTARY HEALTH INSURANCE
89.2%



RESULTS

(€ MILLION)

	2021	2020	Δ
Gross written premiums	14,025	14,284	-2%
Operating expenses	469	477	-2%
Operational result	**10**	**235**	**-96%**
Result current year	-47	260	n.m. *
Result prior years[1]	57	-25	n.m. *

BASIC HEALTH

	2021	2020	Δ
Claims ratio	99.6%	97.6%	2,0%-pt
Expense ratio	1.8%	1.8%	-
Combined ratio	**101.4%**	**99.4%**	**2,0%-pt**

SUPPLEMENTARY HEALTH

	2021	2020	Δ
Claims ratio	79.2%	76.0%	3,2%-pt
Expense ratio	10.0%	10.6%	-0,6%-pt
Combined ratio	**89.2%**	**86.6%**	**2,6%-pt**

* n.m.: not meaningful

1 Results on prior years refer to earnings from health expenses and/or equalisation from previous book years and allocations to a mutation of loss provisions.

General information

Zilveren Kruis, De Friesland, Interpolis, FBTO and Pro Life offer basic and supplementary health insurance. Emergency response centre Eurocross Assistance Company provides healthcare services worldwide. To ensure that healthcare remains affordable in the future, Achmea focuses on preventing illness and promoting a healthy lifestyle. Zilveren Kruis and Achmea's other health insurance brands aim to bring good health closer to everyone. Our ambition is to be able to provide healthcare online and at customers' homes ('zorg digitaal en thuis'). This will reduce the impact of treatments, improve the quality of life and help keep premiums affordable. Initiatives such as 'Gezond Ondernemen' (Healthy Enterprise) and the Actify lifestyle platform enable us to help our customers live and work healthier and motivate them to a healthy lifestyle.

Organising solidarity between customers and uniting various stakeholders in healthcare are objectives aligned with Achmea's cooperative identity. This is one way we give substance to our role in society.

HOW WE CREATE FINANCIAL VALUE

Achmea is the market leader in health insurance. About 5.1 million people in the Netherlands opted to be insured by one of our health insurance brands in 2022. A substantial increase of about 300,000 policyholders compared to 2021 which translates into an estimated market share of 29% in 2022 (2021: 28%). Our market leadership and continued focus on efficient business operations is reflected in the lowest cost per policyholder in the market.

Covid-19

The Covid-19 pandemic continues to have a large impact on healthcare, health insurers and society as a whole. Although the pandemic is now more under control, in part thanks to the vaccines, it continues to affect elective care. This could mean that catch-up care is required to compensate for care that was not provided. The catch-up care will be limited by the available healthcare capacity. Moreover, it will no longer be possible to catch up on some of the care that was not provided. There remains uncertainty about how long the impact of the Covid-19 pandemic will last.

Based on the statutory catastrophe scheme, higher Covid-19-related costs incurred by healthcare insurers in the Netherlands are largely compensated by additional contributions from the Health Insurance Equalisation Fund. As a result, health insurers received compensation for the Covid-19 expenses incurred above the own risk threshold. This catastrophe scheme applies to Covid-19 expenses incurred in 2020 and 2021.

With the approval of the Dutch Authority for Consumers & Markets (ACM), health insurers have also agreed to jointly absorb the consequences of Covid-19 for the 2020 and 2021 underwriting years, and to distribute the expenses resulting from Covid-19 and the compensation from the catastrophe scheme based on their market share and incurred expenses as evenly as possible.

The catastrophe scheme will no longer apply from 1 January 2022. Covid-19-related expenses will then be part of regular medical expenses, with the macro risk being restricted by retrospective correction of total costs.

Gross written premiums

Gross written premiums from basic and supplementary health insurance were €14,025 million and therefore lower than last year (2020: €14,284 million). Gross written premiums from basic health insurance amounted to €12,816 million (2020: €13,064 million). Premiums decreased by about 2% because of a drop in the number of policyholders in 2021 and a lower contribution per policyholder from the Health Insurance Equalisation Fund. These effects were partly compensated by higher average premiums per policyholder and by the additional contributions from the catastrophe scheme in relation to the Covid-19 pandemic.

Gross written premiums from supplementary health insurance declined slightly to €1,209 million (2020: €1,220 million). This is due to a marginal decline in the number of policyholders in 2021.

Operating expenses

The total operating expenses of our health activities decreased to €469 million (2020: €477 million). This decrease is mainly due to a more efficient organisation and a temporary effect from the Covid-19 pandemic, as a result of which there is less work, which in turn leads to fewer FTEs being required and lower personnel expenses.

Operational result

The operational result from our health business amounted to €10 million in 2021 (2020: €235 million). The negative result on basic health insurance was caused by the contribution of capital to limit the increase in premiums for 2022. The result on other activities, including the healthcare offices and services, was negative as well. This was offset by a positive result on supplementary health insurance.

Basic health insurance

The operational result from basic health insurance amounted to €127 million negative over 2021 (2020: €75 million). The operational result in the current underwriting year was €197 million negative (2020: €107 million). The negative result can mainly be explained by the contribution of €392 million from our reserves to limit increases in basic health insurance premiums in 2022 (2020: €136 million). This was partly compensated by lower-than-expected medical expenses for district nursing, the scaling down in elective care and a higher contribution from the statutory catastrophe scheme. The result from prior years amounted to €70 million (2020: €32 million negative) and is primarily owing to the additional contribution from the catastrophe scheme over the 2020 underwriting year.

In line with the results, the combined ratio of basic health insurance increased to 101.4% (2020: 99.4%) versus 2020.

Supplementary health insurance

Supplementary health insurance policies accounted for €140 million of the operational result from the health business (2020: €166 million); €153 million of the result derives from the current underwriting year (2020: €159 million). In addition there was a negative result from previous underwriting years of €13 million (2020: €7 million). Despite the slight decrease, the result remains high given the lower use of elective care in 2021.

Compared to last year, the percentage of basic health insurance policyholders with supplementary coverage declined marginally to about 74% (2020: 75%).

HOW WE CREATE FINANCIAL VALUE

The combined ratio of supplementary health insurance policies increased in 2021 and stood at 89.2% (2020: 86.6%), mainly as a result of higher health expenses compared to last year.

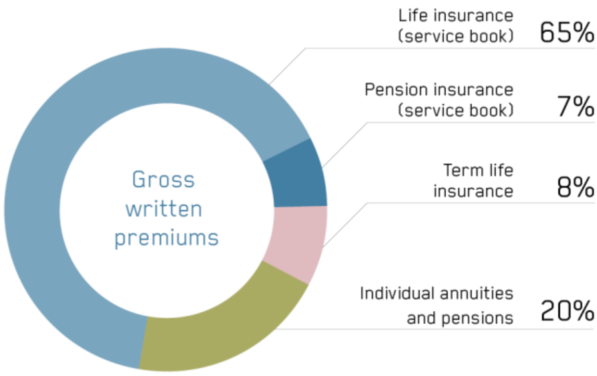
Overig (zorgkantoren & diensten)
The Other category relates to healthcare offices that implement the Long-term Care Act (Wlz) and the healthcare service companies. The healthcare service companies, particularly Eurocross, aim to assist customers if they urgently require healthcare when abroad, travelling in the Netherlands or at home and to help people to improve their vitality at work and in everyday life. Although revenues of the healthcare offices largely disappeared due to the Covid-19 pandemic, an improvement in the operational result was achieved. The operational result for Other was €3 million negative in 2021 (2020: €6 million negative). This improvement is mainly due to cost savings and the support Eurocross gave public health services in source and contact tracing for Covid-19.

HOW WE CREATE FINANCIAL VALUE

Pension & Life Netherlands

GROSS WRITTEN PREMIUMS
€859 MILLION

OPERATIONAL RESULT
€392 MILLION



RESULTS (€ MILLION)

	2021	2020	Δ
Gross written premiums	859	1.005	-15%
Operational expenses	144	149	-3%
Operational result	**392**	**253**	**55%**

General information

Pension & Life manages a growing open-book portfolio containing term life insurance policies and individual annuities and pension products. In addition, the service organisation manages a service-book portfolio containing group pension contracts and traditional savings and life insurance products. The service organisation has the ambition to earn a stable result with positive capital generation combined with a high level of customer satisfaction.

The total technical provisions are evolving in line with the natural development of the portfolio, but at the same time are affected by market trends and short-term volatility. The technical provisions decreased by 7% to €44 billion in 2021.

Gross written premiums

Total gross written premiums decreased by 15% to €859 million in 2021 (2020: €1,005 million). Of this amount, €235 million came from the open book and €623 million from the service-book.

The open-book portfolio realised an increase in written premiums from term life insurance policies to €66 million (2020: €58 million). Production of individual annuities and pensions amounted to €170 million in 2021 (2020: €205 million).

Written premiums on our service-book pension portfolio totalled €64 million in 2021 (2020: €136 million), while total written premiums on our service-book life insurance portfolio amounted to €559 million (2020: €606 million). In line with our strategy, no new insurance contracts are being sold in these portfolios. The decline in premium income is in accordance with expectations and the result of natural portfolio development.

Operational expenses

Operating expenses decreased by €5 million to €144 million in 2021 (2020: €149 million). Expenses are evolving in line with expectations, with previous IT investments leading to a reduction in expenses. To accomplish this we invested in migration to a smaller number of systems. In addition, further investment in digital customer service has led to an improvement in efficiency.

Operational result

The operational result increased to €392 million in 2021 (2020: €253 million), mostly driven by an investment result that was €140 million higher than the previous year. This was mainly driven by positive developments on the equity and commodity markets and positive revaluations on the property markets.

Covid-19 had a minor impact on the technical result in both 2021 and 2020.

HOW WE CREATE FINANCIAL VALUE

Retirement Services Netherlands

NET INTEREST MARGIN	OPERATIONAL RESULT	ASSET UNDER MANAGEMENT	COMMON EQUITY TIER 1 RATIO ACHMEA BANK
€138 MILLION	€18 MILLION	€247 MILLION	20.9%

RESULTS

(€ MILLION)

RETIREMENT SERVICES	2021	2020	Δ
Total income	396	368	8%
Of which: administration and management fees pension administration	251	235	7%
Operating expenses[1]	378	346	9%
Operational result[2]	**18**	**22**	**-18%**

ACHMEA BANK	2021	2020	Δ
Net interest margin	138	142	-3%
Fair value result[3]	4	-8	n.m.*
Operating expenses	101	106	-5%
Change to loan loss provisions	-2	-3	-33%

	31 December 2021	31 December 2020	Δ
Common Equity Tier 1 ratio	20.9%	20.4%	0.5%-pt

(€ BILLION)

ASSETS UNDER MANAGEMENT[4]	31 December 2021	31 December 2020	Δ
Achmea Investment Management	220	203	17
Syntrus Achmea Real Estate & Finance	40	37	3
Total Assets under Management**	**247**	**227**	**20**

* n.m.: not meaningful

** Total Assets under Management after eliminations

1 Operating expenses including other expenses.
2 From 2021 this includes moving annual expenses from Other activities to Retirement Services.
3 The fair value result is an accounting result that is compensated for in other financial periods, in line with the value development of the underlying derivatives. Derivatives are used to restrict the interest rate risk. This explicitly comprises the result relating to the activities of Achmea Bank.
4 The Assets under Management (AuM) include a derivatives (overlay) portfolio.

General information

Through Retirement Services Achmea provides (financial) solutions for institutional and retail customers for today and tomorrow. We are well positioned for the new pension agreement. We administer pension schemes for pension funds, including the Centraal Beheer General Pension Fund (APF), and support and advise employers on issues relating to retirement services. We provide products for asset accrual and support via strategic and portfolio advice. In addition, Retirement Services manages investments on behalf of Achmea Group, pension funds and the Achmea pension fund as well as institutional investors. Here we opt for sustainable investments that yield a financial and social return. In the retail market we position ourselves as a broad financial service provider that offers a wide range of savings, investment, mortgage and insurance products.

Our ambition is to achieve commercial growth. To this end, we are investing in scalability, flexibility and complexity reduction in the organisation. Furthermore, we are committed to diversification by means of balance sheet transactions with institutional parties and partnerships with external parties with a view to expanding our services and achieving economies of scale.

Achmea Pension Services, Achmea Investment Management, Syntrus Achmea Real Estate & Finance and Achmea Bank all work together to achieve the ambitions of Retirement Services, with Centraal Beheer as the primary brand.

HOW WE CREATE FINANCIAL VALUE

Operational result
The operational result for Retirement Services decreased to €18 million in 2021 (2020: €22 million). This is due to increased investments in data-driven customer services and investments in IT-systems in preparation for market developments, such as the new pension agreement. More expenses have also been allocated to this segment on balance. Assets under management increased to €247 billion (2020: €227 billion). In part as a result of the growth in assets under management, revenue climbed by 8% to €396 million in 2021 (2020: €368 million).

Achmea Bank
It was another highly competitive year on the mortgage market, with the low interest rate environment again prompting many people to move or convert their mortgages, with demand for longer fixed-rate periods. Production volume increased to €771 million in 2021 (2020: €703 million), most of which was arranged via the new Achmea Mortgages Investment Platform. In addition we acquired a €500 million mortgage portfolio from a.s.r. at the end of 2021. This transaction forms part of a multi-year strategic partnership. The high number of early repayments caused the mortgage portfolio to decrease on balance to €11.1 billion (2020: €11.6 billion).

Achmea Bank's result grew by €6 million to €41 million (2020: €35 million). The improved result was driven by higher compensation for early redemptions, lower expenses, a higher fair value result and lower loan loss provisions. The lower loan loss provisions are due to the portfolio's low credit risk profile, boosted by the continued positive trends on the housing market.

As of 31 December 2021, the Common Equity Tier 1 ratio stood at 20.9% (31 December 2020: 20.4%).

Achmea Investment Management
Assets under management at Achmea Investment Management increased by €17 billion to €220 billion as of year-end 2021 (year-end 2020: €203 billion). This is primarily thanks to new clients, such as Stichting Pensioenfonds Openbare Apothekers (€2 billion), Ahold Delhaize Pensioen (€6 billion) and ASN Vermogensbeheer (€3 billion), inflow into the CB APF (€3 billion), the inflow of TNT express into Pensioenfonds Vervoer (€1 billion) and positive returns pushing up the value of the portfolios.

The operational result of Achmea Investment Management amounted to €4 million in 2021 (2020: €12 million). This decrease is mainly owing to higher cost allocation with an impact of €8 million. Expenses were also higher due to an increase in the number of employees and investments in the IT and data landscape. As a result of the expansion of the client portfolio and an increase in services, revenue was about €12 million higher than in 2020. The investments in the IT and data landscape aim to strengthen the company's foundations and make it future-proof, including in relation to sustainability legislation and the estimated impact of the new pension agreement.

At an ICAAP ratio of 168%, Achmea Investment Management's capital position is strong.

Achmea Pension Services
The past year has been spent working hard preparing our new pension platform for serving the first DC fund. In the course of 2022, further functionality will be added to make the platform operational and available.

Achmea Pension Services has concluded new contracts with Stichting Pensioenfonds Huisartsen (SPH) and Stichting Pensioenfonds Ahold Delhaize (ADP) to provide services from 1 January 2022. Moreover, Achmea Pension Services is currently in talks with several potential new clients interested in our services. Our clients rate our services highly.

Several more pension funds and employers (including HP) opted to join the Centraal Beheer APF in 2021, further boosting its position in the market.

The operational result at Achmea Pension Services was €28 million negative in 2021 (2020: €26 million negative). Compared to last year, revenue increased by €2 million. Set against this is an increase in expenses of €5 million, €4 million of which relates to the investment programme initiated in 2020.

Syntrus Achmea Real Estate & Finance
In 2021, assets under management in real estate and mortgages grew to €40 billion (year-end 2020: €37 billion), despite the sale of the Zakelijke Hypotheekfonds (€838 million) in the second quarter. Existing mandates have been expanded and new mandates realised. Total revenue increased to €123 million (2020: €101 million), mainly as a result of integration of the mortgage activities within Achmea as of October 2020 and the expansion of services to investors via the Achmea Mortgages Investment Platform. The mortgages provided through this platform are sold under the Centraal Beheer brand. The real estate investments have continued to grow to €12 billion, mostly owing to higher property valuations. The operational result over 2021 was €1 million (2020: €1 million).

The residential and healthcare property portfolios were unaffected by the Covid-19 crisis. Demand for owner-occupied houses and therefore mortgages remained high. Despite the retail portfolio being hit hard by Covid-19, a partial recovery versus 2020 was visible here as well.

At an ICAAP ratio of 134%, the capital position remains strong and solid, allowing us to continue our investment and growth and to evolve into a leading asset manager specialising in real estate and mortgages.

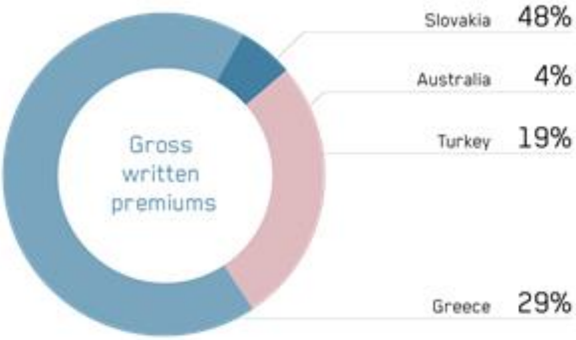
HOW WE CREATE FINANCIAL VALUE

International activities

GROSS WRITTEN PREMIUMS
€1,260 MILLION

OPERATIONAL RESULT
€47 MILLION

ACTIVE FOREIGN ESTABLISHMENTS
5



RESULTS

(€ MILLION)

	2021	2020	Δ
Gross written premiums	1,260	1,104	14%
Operating expenses	248	242	2%
Operational result	**47**	**23**	**104%**

GROSS WRITTEN PREMIUMS PER COUNTRY	2021	2020	Δ
Slowakia	609	487	25%
Greece	367	351	5%
Turkey	236	231	2%
Australia	48	35	39%

* n.m.: not meaningful

General information

Achmea's international activities focus on non-life and health insurance products, distributed via the online (direct) and banking channels. Achmea pursues an international growth strategy by exporting knowledge and digital expertise gained in the Netherlands to other countries. This strategy is executed selectively in specific international markets. In doing so, we focus on growth in existing and new market segments.

As part of this strategy, in 2021 Achmea acquired all outstanding shares in leading price comparison website Insurance Market for the Greek insurance market. The acquisition of Slovakian insurer Poštová poisťovňa was completed in 2021 as well. This will increase Union's scale as well as boosting its distribution capacity via the online channel, banking distribution and a national network of 1,500 post offices. This makes the acquisition a sound addition in the context of Achmea's international growth strategy.

Gross written premiums

Gross written premiums increased by 14% to €1,260 million (2020: €1,104 million). Adjusted for exchange rate effects, the increase amounts to 22%.

In Slovakia, written premiums in the health business grew by 25%. The acquisition of Slovakian insurer Poštová poisťovňa's portfolio and the resulting boost to distribution capacity via the online and banking channels meant that the property & casualty and life business realised growth of 23%.

In Greece, Interamerican posted growth of 5% on an aggregated level. The direct online start-up of Interamerican in Cyprus grew by 13%. Interamerican realised growth in excess of 7% in its property & casualty business versus 2020, partly because of its leading role in creating a mobility ecosystem, and in doing so has strengthened its position as market leader. Its health business noted 3% growth in gross written premiums, largely thanks to modular healthcare product BeWell.

HOW WE CREATE FINANCIAL VALUE

In Turkey, gross written premiums climbed 2% in euros despite the devaluation of the Turkish lira. The fire insurance portfolio in particular realised robust autonomous growth, partly thanks to actively using the long-term partnership with Garanti BBVA and its network.

In Australia, gross written premiums grew by about 33% in local currency to AUD76 million (2020: AUD57 million) owing to its unique 'All-in-One Farm Pack'. When converted to euros, this translates into a growth rate of 39%. This premium growth was made possible by the partnerships with Rabobank and Angus Australia.

In Canada, Onlia continued to grow via its digital business model.

Operating expenses

Operating expenses amounted to €248 million in 2021, an increase of 2% compared to 2020 (€242 million) and significantly lower than the premium growth of 14%.

Operational result

The total operational result of €47 million is €24 million higher than in 2020 (€23 million). This is mostly due to an improvement in the result in Slovakia, partly due to one-off effects and partly due to lesser impact of Covid-19 compared to 2020. Australia and Greece were hit by natural disasters, leading to a total impact of €19 million on the result in 2021 (€12 million in 2020). Furthermore, additional acquisitions made a positive contribution to the result of €5 million.

Other activities

OPERATIONAL RESULT
OTHER ACTIVITIES
€-146 MILLION

OPERATIONAL RESULT
ACHMEA REINSURANCE
€27 MILLION

GROSS WRITTEN PREMIUMS
ACHMEA REINSURANCE
€312 MILLION

RESULTS (€ MILLION)

	2021	2020	Δ
Total gross income	381	319	19%
Operating expenses	157	142	11%
Interest and similar expenses	58	72	-19%
Operational result	**-146**	**-163**	**n.m.***
ACHMEA REINSURANCE			
Gross written premiums	312	289	8%
Operational result	**27**	**2**	**n.m.***

* n.m.: not meaningful

General information

Other activities includes the results of Achmea Reinsurance. In addition a significant part of the result relates to the expenses for activities at holding company level and at the Shared Service Centres.

Operational result

The operational result amounted to €146 million negative, an improvement of €17 million versus 2020. The result on our Other activities comprises the expenses from the holding company and shared service activities, as well as the financing charges for the bonds issued by Achmea. Underlying, the operational result of Achmea Reinsurance increased to €27 million. The result also improved thanks to decreased interest expenses on a bond that was refinanced in 2020 and to fewer expenses remaining at the holding.

Achmea Reinsurance Company

As Achmea's reinsurance expert, Achmea Reinsurance has three roles: advisor, purchaser and risk carrier. In its role as group reinsurer and risk carrier, Achmea Reinsurance provides reinsurance coverage to the Dutch and foreign insurance entities within Achmea group. In addition, Achmea Reinsurance has a reinsurance portfolio covering global risks from third parties.

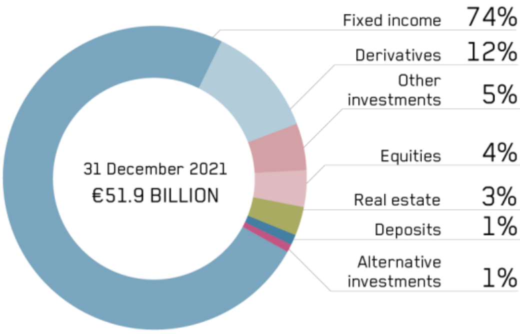
Gross written premiums amounted to €312 million in 2021, an increase compared to 2020 (€289 million). This increase is mainly driven by higher written premiums from Achmea portfolios following further integration of the reinsurance programmes of the International activities in the group reinsurance programme, portfolio growth and rising reinsurance premiums. Achmea Reinsurance's risk profile remained unchanged.

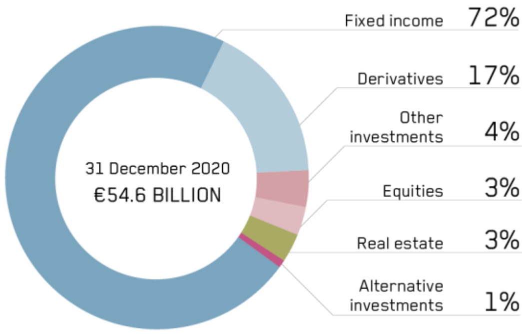
The operational result was €27 million in 2021 (2020: €2 million). The result is higher than in 2020, primarily thanks to higher investment results and fewer claims in the Achmea portfolio. The lower 2020 result was due to corporate fire claims in the Achmea portfolio and the impact of Covid-19 on investment results and third party portfolios.

HOW WE CREATE FINANCIAL VALUE

Investments

TOTAL INVESTMENT PORTFOLIO[1,2]

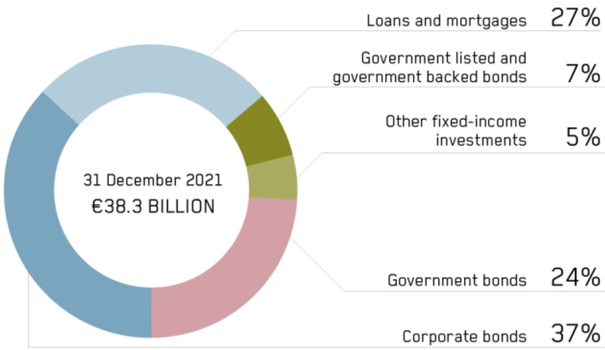


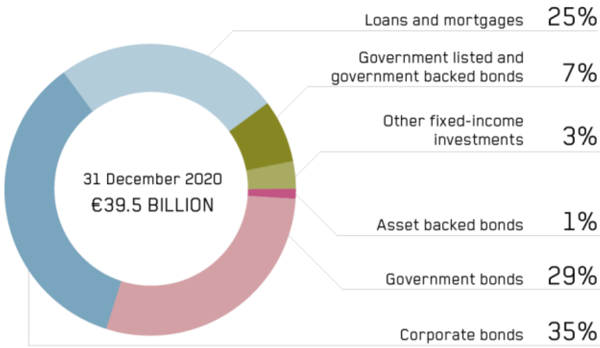


[1] The year report shows fixed-income funds as part of the fixed-interest portfolio and real estate funds as part of real estate. In the financial statements, these investment categories are shown as part of equities and similar investments.

[2] The total investments portfolio contains Investment property and Investments own risk as included in the consolidated financial statements 2021.

RELATIVE ALLOCATION FIXED-INCOME PORTFOLIO





Fixed-income portfolio

The value of our fixed-income portfolio decreased by 2.9% in 2021, to €38.3 billion (2020: €39.5 billion).
The decrease is mainly due to decreases in value as a result of increased interest rates in 2021.

Within the fixed-income portfolio, the portion of government bonds, government-related bonds and government-backed loans decreased by 4% to 31% (2020: 35%) largely due to a higher allocation to corporate bonds, and amounted to €12.0 billion at the end of 2021 (2020: €14.0 billion). The bulk of the portfolio was invested in Dutch government bonds. Furthermore, there were relatively large allocations to German and French government bonds, while we also invested in Austrian and Spanish government bonds, amongst others.

In 2021, the residential mortgages portfolio was further expanded. The residential mortgages portfolio increased to €8.8 billion (2020: €8.6 billion). In so doing, we increase the returns on our portfolio.

Our fixed-income portfolio is prudently invested. The bulk of the portfolio (74%) has an investment-grade rating (BBB or higher). The fixed-income securities without a rating that make up 25% of the portfolio are mainly direct mortgages (year-end 2020: 23%).

HOW WE CREATE FINANCIAL VALUE

Equity and alternative investment portfolio

Our equity portfolio had a total value of €1.9 billion at year-end 2021 (2020: €1.5 billion), i.e. a share of approximately 3.6% in our total investment portfolio. This increase is mainly the result of sharply rising stock indices in 2021.

In addition to the equity portfolio, we also manage a portfolio of alternative investments such as private equity, hedge funds, infrastructure and commodities.

In spite of received distributions, a positive return means that the size of this portfolio remained the same at €0.7 billion as of year-end 2021 (2020: €0.7 billion).

Real estate portfolio

Our real estate portfolio increased by €195 million to €1.5 billion in 2021 due mainly to increases in the value of residential property, and by the end of 2021 it represented an approximately 3.0% share of our total investment portfolio. At year-end 2021, the real estate portfolio comprised €1.03 billion in direct real estate investments (2020: €0.97 billion), including 67% residential real estate, 16% retail and 17% offices. Additionally, our property portfolio comprised €501 million (2020: €368 million) in indirect property investments.

TOP 5 INVESTMENTS IN GOVERNMENT BONDS

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020	RATING
The Netherlands	4,808	5,667	AAA
Germany	1,140	1,712	AAA
France	1,082	1,517	AA
Austria	382	429	AA+
Spain	355	361	A-

DISTRIBUTION OF FIXED-INCOME PORTFOLIO BY RATING

	31 DECEMBER 2021	31 DECEMBER 2020
AAA	29%	30%
AA	11%	13%
A	15%	15%
BBB	19%	18%
<BBB	1%	1%
No rating	25%	23%
Total	**100%**	**100%**

FUTURE DEVELOPMENTS

We live in a world in which new technologies, demographic trends, and economic and political changes are creating new options and opportunities. We find ourselves in a challenging environment in which time and again we need to respond to changing circumstances, and this is partly what defines our strategic choices and the speed at which we are able to implement our strategy.

Our ambition is to create sustainable value for our customers, employees, company and society at large. We do this based on our mission to solve major social issues together in four domains: Bringing healthcare closer, Smart mobility, Carefree living & working and Income for today and tomorrow. Within these domains we periodically select a number of tangible social issues for closer scrutiny. Here, we target issues that affect large numbers of people and have a significant impact. Of course we cannot solve every single issue in one go and certainly not alone. We enter into dialogue with our customers and partners and challenge ourselves to come up with solutions.

Uncertainty is an inherent part of our line of business. We therefore continue to keep track of the impact of developments in financial markets, increasing inflation and the further evolution of the Covid-19 pandemic, the use of new technology and the growing number of claims arising from climate change and extreme weather on our business models. In addition, the course of events in Ukraine, international measures and their economic impact on the financial markets and inflation are closely monitored. The extent of Achmea's investments in Russia, Ukraine and Belarus is very limited.

It is uncertain how the geopolitical situation, financial markets and Covid-19 will develop in the near future. The risks relating to the financial markets are limited as much as possible through the investment policy and the restrictions it contains. The impact and volatility are kept within specific ranges based on the set limits for the various investments and interest rate sensitivities. In addition, changes in inflation expectations may impact our future results and solvency development.

The result from our Dutch health business depends to an extent on the further evolution and duration of the Covid-19 pandemic, potential catch-up care that is required and the market dynamics surrounding setting premiums for 2023, partly in relation to termination of market-wide group discount. The catastrophe scheme will no longer apply from 1 January 2022. Covid-19-related expenses will therefore be part of the regular medical expenses, whereby the macro risk is limited through subsequent recalculations at a macro level.

Given the nature of our activities, there is always a risk of an catastrophe arising. This risk is restricted by means of reinsurance agreements. It is not yet possible to assess the exact impact from the consecutive storms that hit the Netherlands in February 2022 and this is not included in the results over 2021.

We will continue to invest in developing new propositions and services to our customers, while also being alert to the need for active claims management and further balance sheet optimisation. We do not expect any major changes to our financing structure. An adequate financial return is still necessary in order to fulfil our social role properly and to be able to continue investing in further strengthening our company and our competitive position. We look to achieve a balance between short-term results and long-term continuity.

The changing environment, which includes accelerating digitisation, also has an impact on our employees. We continue to invest in healthy working practices, the promotion of expertise and new forms of leadership, and encourage our employees to acquire new skills and competences to increase their employability.

This part of the annual report provides insight into how we have set up our risk management and lists the key risks for Achmea.

RISK MANAGEMENT

Effective risk management is essential for Achmea's continuity, and for maintaining a long-term relationship with our customers and other stakeholders. Risk management involves identifying risks, implementing the correct measures, monitoring and reporting on risks. It is not so much a matter of avoiding risk, but rather of making well-informed decisions about the risks to be accepted in realising the business objectives.

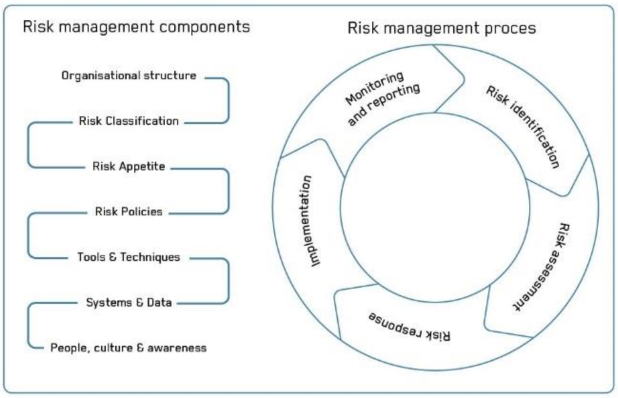
We apply an integrated approach to risk management and capital management. The principles in relation to the capital and solvency position are therefore important to defining Achmea's risk appetite. This is, for example, reflected in the annual Own Risk & Solvency Assessment (ORSA) in which Achmea assesses its risk and capital positions in conjunction with each other.

This Executive Board Report describes our framework for risk management in brief - primarily its governance structure - and looks at the key risk themes in greater detail. The notes to the consolidated financial statements (Note Capital and risk management) contain more information on Achmea's capital and risk management.

FRAMEWORK FOR RISK MANAGEMENT

An effective risk management system requires clarity on principles and it is important that everyone follows these at all times. The key principles for risk management are set out in the risk strategy. This includes principles governing the risk appetite, the integrated approach to managing risks and stimulation of a culture in which decision-making is based on an appropriate balance between risk, capital and expected return. At Achmea, the interpretation of risk management forms part of the Integrated Risk Management Framework (IRMF).

RISK MANAGEMENT FRAMEWORK



The IRMF, shown in the figure above, consists of seven risk management components that support the risk management process in the necessary steps to identify, assess, mitigate, monitor and report the risks of all risk categories on a permanent basis. The key components of the governance structure are the Three Lines model, the Risk Committees and the Solvency II key functions.

Three Lines model

Achmea's governance structure is based on the Three Lines model, the main features of which are set out in the chart below.

Achmea's line organisation is primarily responsible for risk management. The Executive Board ensures a sound basis for the design and execution of the risk management system. The presence of a Chief Risk Officer on the Executive Board helps ensure a permanent focus on risk management in our business operations. The Executive Board renders account to the Supervisory Board and general meeting of shareholders of Achmea B.V.

FIRST LINE	SECOND LINE	THIRD LINE
IMPLEMENTATION AND MANAGEMENT	SUPPORT, MONITORING AND CONTROL	ASSESMENT AND REVIEW
• Executive Board and risk committees at Group level • Business management and decentralised risk committees within the business units	• The Compliance, Risk Management and Actuarial departments safeguard the compliance, risk management and actuarial function under Solvency II at group level and for the Dutch supervised insurance entities. • International insurance entities have their own compliance, risk management and actuarial functions under Solvency II • Some entities have their own compliance and risk management department due to different legal requirements, specific knowledge or efficiency	• The Internal Audit staff department works at both group and business unit level

RISK MANAGEMENT

The second line supports the first line in this respect, monitors execution by the first line and reports periodically on Achmea's risk profile. The third line complements these activities by carrying out periodic testing of the effectiveness of internal control, governance and risk management and reporting on this. This Three Lines model has also been set up for the entities under supervision.

Risk committees

Achmea has Risk committees both at group level and within the business units:

- the Audit & Risk Committee assists the Supervisory Board in its supervisory role;
- the Group Risk Committee (GRC) provides a framework and advises the Executive Board. The GRC has instituted as sub-committees the Model Approval Committee (MAC), the Privacy Board and the Information Security Board. The MAC has a delegated responsibility for approving risk models;
- the Asset Liability Committee (ALCO) is an executive and advisory committee of the Executive Board that focuses specifically on optimising and monitoring the composition of Achmea's assets and liabilities.

Within the business units there are decentralised risk committees comparable to the GRC at group level. These focus on managing risks, where necessary complemented by specific committees such as the Product Approval and Review Process (PARP) Committees, the Underwriting Committee at Achmea Reinsurance Company N.V. and the Asset & Liability Committee and Credit Committee at Achmea Bank N.V.

Solvency II key functions

Solvency II lays down requirements for the compliance, risk management, actuarial and internal audit functions, both at group level and for the insurance entities under supervision. At group level the compliance, risk management and actuarial functions are fulfilled in the corresponding staff departments. These functions report to the Chief Risk Officer of the Executive Board, but also have direct access to the business, the Executive Board, the Audit & Risk Committee and the Supervisory Board, as well as a formal escalation line to the chairs of the Executive Board, the Audit & Risk Committee and the Supervisory Board. The internal audit function at group level is fulfilled by the Internal Audit department. This function reports to the chair of the Executive Board, has a formal information and escalation line to the chairs of the Audit & Risk Committee and the Supervisory Board, and has direct and unlimited access to all business units.

The compliance, risk management, actuarial and internal audit functions have also been set up for the supervised insurance entities. In the case of the Dutch insurance entities, these functions are performed by the staff departments as mentioned before. These functions report to the entities' boards of directors and have a formal information and escalation line to the chairs of the Audit & Risk Committee and the Supervisory Board as well as direct and unlimited access to all business units. Achmea Reinsurance Company N.V. has its own risk management and compliance department.

IMPORTANT RISK THEMES

The Strategic Risk Analysis is carried out annually by the Executive Board and management boards of the business units in a comprehensive assessment of the key risk themes. The composition of the risk profile, including the key risk themes identified in achieving the strategy remained largely unchanged in 2021. The table below lists these themes.

IMPORTANT RISK THEMES
Future revenue model
Sustainability
Distribution partners
Law and regulation and political environment
Prolonged low interest rates
Longevity
Volatility of financial markets
Volatility of property & casualty and income protection portfolio
Volatility of health results
Cybercrime
Duty of care

Achmea's future revenue model has a strong correlation with social and (new) technological trends and developments, changing insurance needs and new providers. The important themes here are sustainability and climate change, low interest rates, new laws and regulations, the partnership with Rabobank and the long-term impact of the Covid-19 pandemic (and potential new viruses). In the long term these themes may lead to changes in society, customer needs, behavioural patterns and the economy. Innovation plays an important role in the strategic programmes and activities aimed at improving services to our customers and the future revenue model; all the while of course paying specific attention to the management of the related risks.
Sustainability and climate change involve both physical risks and transition risks in Achmea's insurance, investments and own business operations. Achmea devotes a great deal of attention to managing climate risk, including in the property & casualty business, through constantly improving our models and encouraging our customers to take preventive measures. We apply ESG criteria to our investments. At the same time, we identify new options and opportunities for helping customers to mitigate risks through prevention and contributing to a more sustainable society by offering sustainable propositions. Implementation of new laws and regulations on sustainability continued in 2021. Achmea is developing new sustainability and climate change initiatives

and closely monitoring developments. Read more on this in the section ‘Objectives & results - Our approach to climate change’.

In serving our customers we work intensively with our distribution partners. The most strategically important of these are Rabobank and brokers. Achmea sees this collaboration as a vital part of its business model. The ongoing consolidation in the brokerage market is being monitored closely.

Persistently low (or lower) interest rates and the volatility in the financial markets are further important financial risk themes that are monitored constantly. Achmea periodically reviews and assesses its financial risk controls.

Moreover, Achmea monitors its insurance activities from a business perspective. The personal injury portfolio is a key theme for the property & casualty and income protection business. In the health business, there is uncertainty about how medical expenses will evolve due to the effects of equalisation and Covid-19 (catch-up care and the catastrophe scheme). Longevity risk will gradually decrease as a result of portfolio run-off. Achmea periodically tests whether additional measures are required.

Key non-financial risk themes are managing Know Your Client (Customer Due Diligence, CDD), fraud risk, privacy, information security including cybercrime and the duty of care for existing and new products and services for our customers. The CDD policy has been further refined with respect to laws and regulations, supervision and jurisprudence. Achmea has also adjusted its Product Approval and Review Process (PARP) policy to make it more dynamic. This enables us to respond more quickly to internal and external developments and by doing so keep our products and services up-to-date for our customers. Technological developments in privacy and information security, including cybercrime prevention, are proceeding at a rapid pace. Achmea has refined its integral security approach accordingly. In the area of duty of care, Achmea has guidelines that have been communicated and implemented throughout the group.

In this section of the annual report explains which important themes were discussed by the Supervisory Board and its committees during 2021. In the Corporate Governance section the governance of Achmea is explained as well as the most important codes of conduct. This part of the annual report fulfills the requirements of the Corporate Governance Code which Achmea voluntarily applies. Finally, the biographies of the board members are explained.

GOVERNANCE

ACHMEA PLANTS ONE MILLION TREES WITH REFORESTATION LAND LIFE

Achmea is going to plant approximately one million trees over the next three years. In doing so, we are taking the next step towards becoming a fully climate-neutral company by 2030. Together with Land Life Company, a multi-year reforestation program has been started to compensate for the CO_2 emissions of Achmea's business operations.

By planting one million trees, nearly 1,000 hectares of "degraded land" in Australia and Iceland will be restored. The trees will absorb approximately 200,000 tons of CO_2 over the next forty years. Because work is being done with a diverse mix of native tree species, biodiversity is also being restored. In addition, the projects provide benefits to local communities.

SUPERVISORY BOARD REPORT

In April of 2021, Ms Bianca Tetteroo took over as Chair of the Executive Board. She succeeded Mr Willem van Duin, who served as Chairman for 12 years. The Supervisory Board is grateful to Mr Van Duin for his tremendous dedication and everything he has contributed, including preparing his successor. This is a wonderful example of Achmea's values of preparing for and carefully implementing important transitions, such as the change of chairmanship of the Executive Board, over a long period of time. The Supervisory Board has been closely involved in this change in leadership. Achmea's strategy has not changed radically after the change of chairperson, while at the same time the Supervisory Board sees that the Executive Board, led by Ms Tetteroo, has led the company with a new élan through the second year of Covid-19. The Executive Board has brought focus to Achmea's vision and strategy, taking into account the new reality brought about by Covid-19. This will lead to acceleration of the sustainability ambitions, simplification of the business, achievement of synergy benefits and acceleration of the activities relating to data, digitisation and commercial excellence. In the past year, the Executive Board has clearly set out the company-wide vision in the purpose statement 'Sustainable Living. Together'.

Achmea is a broad financial services provider active in virtually all areas of insurance, financial services and investment management and serves more than 10 million customers. Achmea's strategy, the 'Sum of Us', means that it is there for all its stakeholders, such as customers, employees, partners and society. Achmea bundles forces, both internally between operating companies as well as with external partners, and gains strategic advantages from its broad and diverse market presence, by finding the combination of its knowledge and capabilities faster and more often and converting them into propositions for its customers. In this line, the knowledge and expertise from the Dutch units will also be more strongly deployed for its foreign subsidiaries to strengthen the long-term growth engine of its international activities.

Over the past year, the agenda of the Supervisory Board has been more focused than before on discussions with the Executive Board regarding the long-term development of Achmea and the Supervisory Board is pleased to see good examples of this development in Achmea's business operations. Achmea's cooperative identity is thereby increasingly defined and social impact is increasingly being made along the axis of sustainability and inclusion.

Tasks and duties of the Supervisory Board

The Supervisory Board performs its duties on the basis of three roles: supervisor, advisor (solicited and unsolicited advice) and employer in relation to the Executive Board.

Eleven meetings of the Supervisory Board were held in 2021: eight regular meetings and three additional meetings. The majority of the meetings took place digitally due to the measures in place around Covid-19. Two comprehensive, multi-day strategy sessions were held in June 2021 and September 2021. During these strategy sessions, the members of the Supervisory Board and the Executive Board discussed, among other things, the strategic choices of Achmea, the long-term earnings model, investments, balance management and portfolio management, the strategic analysis of the Dutch insurance market, sustainability and Achmea's vision of 'Sustainable Living. Together' according to Achmea.

Three extra meetings of the Supervisory Board were held, two in connection with decision-making concerning appointments or reappointments and one meeting in connection with the formal decision-making concerning the purchase of own shares.

The Supervisory Board maintains a total of three committees, which advise the Board: the Audit & Risk Committee, the Remuneration Committee and the Selection & Appointments Committee. The Audit & Risk Committee convened on thirteen occasions in 2021, the Remuneration Committee convened five times and the Selection & Appointments Committee met ten times.

The following table provides an overview of the attendance rates of each individual Supervisory Board member. On the few occasions on which members were unable to attend meetings, this was generally due to a change to the schedule or the scheduling of additional meetings. As in previous years, attendance rates were high in 2021. Members who were unable to attend a meeting informed the relevant chairman and provided the chairman with input prior to the meeting.

SUPERVISORY BOARD REPORT

ATTENDANCE RATES

NAME	SUPERVISORY BOARD	AUDIT & RISK COMMITTEE	SELECTION & APPOINTMENTS COMMITTEE	REMUNERATION COMMITTEE
J. van den Berg	100%		100%	80%[1]
T.R. Bercx[2]	83%			100%
M.R. van Dongen	91%	100%		
P.H.M. Hofsté	100%	100%	100%	
A.M. Kloosterman	100%			100%
M. Lückerath[3]	100%		100%	100%
A.C.W. Sneller	91%	92%		
A.W. Veenman[4]	100%		100%	100%
R.Th. Wijmenga	100%	100%		
W.H. de Weijer	100%		100%	

[1] Where absence rates of less than 100% are indicated in this table, the absence concerned only one meeting.
[2] Joined on 11 October 2021.
[3] Joined on 13 April 2021.
[4] Joined on 13 April 2021.

Strategy and vision
One of the Supervisory Board's key duties is involvement in developing Achmea's strategy and monitoring its implementation.

In 2021, the Supervisory Board held extensive discussions on the renewed purpose of Achmea. With its vision 'Sustainable Living. Together', Achmea focuses on its ambition to create sustainable value for customers, employees, other stakeholders and society. Achmea does this based on our mission to solve major social issues together. Achmea focuses on the domains that also fit its cooperative identity: Bringing healthcare closer, Smart mobility, Carefree living & working and Income for today and tomorrow. In this context, the Supervisory Board extensively discussed the aspects of sustainability and climate change and Achmea's contribution to the Sustainable Development Goals. The Supervisory Board has emphasised the importance of further concretising Achmea's sustainability goals and endorses the sustainability targets Achmea has formulated for 2021 with regard to the movement towards climate-neutral operations, climate-neutral investments and a climate-neutral insurance portfolio. Together with the Executive Board, the Supervisory Board attaches a great deal of importance to the dialogue Achmea conducts with its stakeholders, which helps define the impact Achmea aims to have on society and how it creates value for its stakeholders in the long term.

The Supervisory Board was involved in the strategic issues at an early stage and discussed these during several constructive sessions with the Executive Board. As part of the renewed vision of 'Living Sustainably. Together', the sharpening of the strategy 'The Sum of Us' was discussed. The Supervisory Board endorses the Executive Board's vision regarding 'The Sum of Us'. With this strategy, Achmea is there for all its stakeholders. Achmea bundles forces, both internally between the different segments and with external partners.

Achmea is investing further in innovation, technology and data to be able to continue to provide an optimum service to its customers. Achmea helps customers to become more sustainable and to prevent (climate-related) damage or loss with products, services and insights. Achmea has more explicitly integrated sustainability into its claims handling, for example by using sustainable materials in damage repair. The strategy aims to make even better use of the economies of scale and synergies generated by Achmea as a whole and achieve a more sustainable impact in society through its core activities.

The Supervisory Board also discussed with and emphasised to the Executive Board the importance of developing the Group's long-term earning potential and achieving its financial ambitions to create long-term value for its stakeholders and society. In this context, the group-wide initiatives developed in 2021 with the aim of accelerating the realisation of the strategy were discussed in detail. These initiatives are geared towards efficiency, cost savings, growth and increasing decisiveness. In the coming years, these initiatives will be implemented and thus structurally increase the earning potential. The Supervisory Board endorses the aim of the Executive Board to create the space to invest in value creation for all our stakeholders: 'Save to invest to grow'. Over the next few years Achmea will take additional steps to consolidate Achmea's position on the market and accomplish the social ambitions in the four domains.

During the discussions of the strategy and the Business Plan, uncertainties and sensitivities were discussed, including low interest rates, inherent volatility of investment results, the risk of the long-term impact due to Covid-19 and new pandemics and related risk of volatility of health results. In this context, the Supervisory Board also discussed with the Executive Board a number of choices and dilemmas, such as the impact of low interest rates on investment results and solvency, opportunities to achieve higher returns on investments versus capital requirements, and the optimal use of capital to realise the strategic ambitions.

The Supervisory Board, together with the Executive Board, continuously monitored the impact of Covid-19, the realisation of the financial ambitions, the further reduction of expenses and complexity, and at the same time a continued focus on excellent (digital) customer service, innovations and strategic initiatives to increase the long-term return. The Supervisory Board noted that, in the Covid-19 period, the degree of digitisation of business processes at Achmea was an important factor. Achmea has been able to realise further growth partly due to its efforts and investments in the field of digitisation.

The Supervisory Board was pleased to note that by 2021, despite the effects of Covid-19, the safeguarding and improvement of customer service has been achieved. This while employees have been working from home for an extended period. Working from home effectively was possible on the one hand thanks to Achmea's IT investments in recent years to enable time- and place-independent working. On the other hand, a culture of cooperation and trust has been particularly decisive. The Supervisory Board also emphasised the importance of programmes such as TOP (Talent, Development and Performance), which focuses on working on the basis of trust between a manager and his or her employees and the culture of feedback and development. In addition, the Supervisory Board endorses the measures taken by the Executive Board to stimulate a good work-life balance (such as the 34-hour working week) and the continuous attention to the vitality of employees, particularly in these times of Covid-19 measures.

The Supervisory Board noted a strong operational result in 2021. In 2021, the Board discussed the strategy and its implementation progress with the Executive Board on several occasions and noted that important follow-up steps have been taken towards achieving the long-term financial and strategic objectives. The measures implemented by the Executive Board to improve the structural performance have contributed positively to the higher financial return. The Supervisory Board is pleased to note that customer satisfaction remains high and that the Customer Centricity and employee engagement scores are high.

The Supervisory Board also talked to the Executive Board about the cooperation with key partners such as Rabobank.

The developments of health care premiums and premium setting were also discussed. As the largest health insurer in the Netherlands, Achmea has used capital from its reserves to cushion the rise in health care premiums. In this way, Achmea contributes to the affordability of the health care premium for the approximately 5 million customers of Zilveren Kruis, De Friesland, Interpolis, Pro Life and FBTO. The Supervisory Board also discussed with the Executive Board the achievement of synergy between its health insurance activities and other Achmea activities.

The Supervisory Board approved the Business Plan 2022-2025 at the end of 2021 and the budget for 2022 was approved. The Supervisory Board endorses the plans defined by the Executive Board, the proposed measures and the urgency of their implementation.

Finance and risk
In 2021, the Supervisory Board discussed Achmea's financial situation extensively each quarter based on the yearly, half-yearly and quarterly figures, during which the impact of Covid-19 on Achmea and its business, the financial situation and risks, as well as the impact on its customers and society were also discussed each time. In addition, the 2020 annual report was also discussed and approved. The discussions on the annual and interim reporting were also attended by the external auditor. In addition, the policy choices on the introduction of IFRS 9 and IFRS 17 were discussed, as well as the progress of the implementation.

The discussions centred around the good progress being made on the strategic priorities formulated by the Executive Board and the acceleration of the "The Sum of Us" strategy.

Risks and their impact on Achmea were an important agenda item for the Supervisory Board in 2021. This includes discussions on the Group's risk appetite, the risk, compliance and actuarial reports, as well as any new special risks which may arise. In 2021, for example, the effects of the persistently low(er) interest rate, its impact on future capital generation, the risk of the (long-term) impact as a result of Covid-19 and the related risk of volatility of the healthcare results, volatility in the non-life and income portfolios, further development of distribution models, risks and opportunities relating to sustainability and risks of climate change were considered.

The internal control of compliance and operational risks, including compliance with the rules governing privacy (GDPR), the duty of care and Customer Due Diligence, as well as the topics of outsourcing and cyber security were also extensively discussed. The Supervisory Board endorses the importance the Executive Board attaches to internal control, whereby the applicable laws and regulations are of course complied with. Moreover, the Supervisory Board concluded that the integral risk reporting is of a high quality.

The consideration by the Executive Board in April 2021 of the interests of the company and those of its stakeholders regarding a dividend payment was endorsed by the Supervisory Board. Attention was also paid to the impact of a persistently low interest rate environment and the uncertainties regarding the extent and duration of the impact of Covid-19 on financial markets and its potential consequences on the solvency and liquidity position. This led to the Executive Board's decision, which was approved by the Supervisory Board, to propose to the General Meeting that the 2021 profit accruing to ordinary and preference shareholders be distributed in accordance with the existing dividend policy. The General Meeting decided in accordance with that proposal.

In November 2021, the Supervisory Board approved the carefully substantiated proposal by the Executive Board for a selective repurchase of Achmea BV shares. The Supervisory Board endorsed the broad consideration of the interests of all Achmea stakeholders that formed the basis for the proposal.

Compliance with laws and regulations and auditing
In 2021, the Executive Board and the Supervisory Board regularly discussed the compliance requirements from laws and regulations, external supervisors and (inter)national (industry) organisations.

The Supervisory Board and its committees discussed at length the sustainability law and regulations, future Solvency II legislation, the Pension Accord, as well as the effects of and choices to be made for the introduction of IFRS 9 and IFRS 17.

The Audit & Risk Committee and the Supervisory Board also conducted in-depth discussions with the external auditor and Internal Audit on the conclusions set out in the management letter and the audit memorandum.

The role of employer and remuneration
In its role as an employer, the Supervisory Board discussed remuneration and the composition of the Executive and Supervisory Boards. Items on the agenda also included the company's diversity and Management Development policies, including the focus on internal training and internal promotion.

Achmea's Remuneration Policy is in line with its identity, strategy, long-term value creation model, sustainability targets and with legislation and regulations on remuneration. At Achmea, without exception, variable remuneration for the Executive Board and all employees in the Netherlands is restricted to a maximum of 20% of the fixed portion of their salary.

In its capacity as the most senior body, the Supervisory Board monitors the Group's remuneration policy. The Supervisory Board assesses whether Achmea's Remuneration Policy meets the principles for a controlled remuneration policy.

Following a remuneration benchmark update in 2020 based on the 2017 peer group, the Supervisory Board concluded that there was no need to adjust the remuneration of the Executive Board in 2021. The remuneration of Achmea's Executive Board is considered appropriate.

The fixed salary of the members of the Executive Board and the applied policy scales were increased by 3.1% as of 1 January 2021. For more details, see Note 33 of the consolidated financial statements and the Achmea Remuneration Report to be published later in 2022.

The compensation paid to the members of the Supervisory Board for their activities on behalf of Achmea BV remained unchanged in 2021.

As of 1 September 2019 all members of the Supervisory Board of Achmea B.V. also constitute the Supervisory Boards of the entities Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V. The compensation they receive for their activities on behalf of these two entities is unchanged. For details of the Supervisory Board remuneration actually paid in regard to 2021, see Explanatory note 33 to the consolidated financial statements and the Explanatory Notes to the 2021 financial statements of Achmea Schadeverzekeringen N.V. and those of Achmea Pensioen- en Levensverzekeringen N.V.

Achmea publishes detailed information on its remuneration policy, including the remuneration of the Executive Board and the Supervisory Board, in the 2021 Achmea Remuneration Report, to be published on www.achmea.nl later in 2022.

SUPERVISORY BOARD REPORT

Composition of the Executive Board
The Executive Board's composition in 2021 was a topic of discussion by the Supervisory Board on several occasions.

The Supervisory Board had already considered the filling of the position of Chairman and Vice-Chairman in 2020 due to the announcement by the Chairman of the Executive Board, Mr Willem van Duin, that he would step down as Chairman of Achmea's Executive Board in April 2021.

As the holder of the A-share in Achmea, Stichting Administratiekantoor Achmea appointed Ms Bianca Tetteroo as Chair of the Executive Board and Mr Michel Lamie as Vice-Chairman of the Board of Directors with effect from the date of the General Meeting 2021 (13 April 2021).

On 12 October 2021, after discussion during the General Meeting, the Supervisory Board appointed Ms Daphne de Kluis a member of the Executive Board.

Composition of the Supervisory Board
The Supervisory Board's composition was on the agenda on several occasions in 2021. As of 13 April 2021, Mr Jan van den Berg was appointed Chairman of the Supervisory Board of Achmea. In doing so, he is succeeding Mr Aad Veenman, who stepped down after three terms. Ms Mijntje Lückerath also stepped down as a member of the Supervisory Board as of 13 April 2021 after three terms.

Ms Lineke Sneller was reappointed for a term of two years. She has been a member of Achmea's Supervisory Board since January 2013.

On 11 October 2021 the General Meeting appointed Mr Tjahny Bercx a member of the Supervisory Board of Achmea BV on the basis of the enhanced right of recommendation of the Central Works Council and upon the nomination of the Supervisory Board.

As of 31 December 2021 the Supervisory Board had eight members. The Supervisory Board comprised three female and five male members.

COMPOSITION OF THE SUPERVISORY BOARD AS OF 31 DECEMBER 2021

NAME	NATIONALITY	GENDER	POSITION	TERM	YEAR OF FIRST APPOINTMENT	CURRENT TERM
J. van den Berg [a] (1964)	Dutch	Male	Chairman	First	2018	2018-2022
T.R. Bercx [b] (1963)	Dutch	Male	Member	First	2021	2021-2025
M.R. van Dongen [a] (1969)	Dutch	Female	Member	First	2020	2020-2024
P.H.M. Hofsté [b] (1961)	Dutch	Female	Member	Second	2015	2019-2023
A.M. Kloosterman [c] (1956)	Dutch	Male	Member	First	2019	2019-2024
A.C.W. Sneller [b] (1965)	Dutch	Female	Member	Second	2013	2017-2021
R.Th. Wijmenga [a] (1957)	Dutch	Male	Member	Second	2015	2019-2023
W.H. de Weijer [a] (1953)	Dutch	Male	Vice-chairman	Second	2016	2020-2024

a) Nominated by Vereniging Achmea
b) Nominated by the Central Works Council
c) Nominated by Rabobank

EXPERTISE OF THE SUPERVISORY BOARD

NAME	EDUCATION	MANAGEMENT	GOVERNANCE	INSURANCE	BANKING	FINANCE/ RISK/AUDIT	HR/REMUNERATIO N	LEGAL/ COMPLIANCE	COMMERCE/ CUSTOMER CENTRICITY	IT	HEALTH
J. van den Berg	Medicine/Management	•	•	•			•		•		•
T.R. Bercx	Psychology / Management	•	•				•			•	
M.R. van Dongen	Business economics, corporate finance / management	•	•	•		•		•			•
P.H.M. Hofsté	Economics/Accountancy	•	•		•	•		•			
A.M. Kloosterman	Dutch Law	•	•		•			•			
A.C.W. Sneller	Econometrics/Controlling	•				•		•	•	•	•
R.Th. Wijmenga	Econometrics	•	•	•		•		•	•		
W.H. de Weijer	Healthcare Management	•	•	•			•				•

SUPERVISORY BOARD REPORT

Continuing education
Six continuing education sessions (PE sessions) were organised for Supervisory Board members and Executive Board members in 2021. All the sessions were attended by almost all the Supervisory Board members. The various PE sessions dealt with the regulations surrounding IFRS 9 and IFRS 17, developments in Health and the health insurance markets, competition law, sustainability legislation and digitisation at insurers.

In addition, a number of operating companies have been examined in deep dives: the developments at Syntrus Achmea Real Estate & Finance and Achmea's mortgage company, the developments regarding financial services at Centraal Beheer, the international activities of Achmea and InShared and the developments in the components of the Retirement Services, whereby the components Achmea Pensioenservices, Achmea Bank and Achmea Investment Management have been examined.

Evaluation of the Supervisory Board
Each year, the Supervisory Board carries out a self-assessment of its performance, and on average once every three years the evaluation is carried out with the support of an external party. The outcome of this evaluation was discussed by the Supervisory Board.

Following the areas for improvement from the previous evaluation, in 2021 extra focus was given to cultural diversity in appointments, further enrichment of the Continuing Education sessions and deep dives with an outside view, the long-term strategy of Achmea's operating companies and international companies, business development as well as deep dives on specific subjects and parts.

The evaluation of the Supervisory Board focused on the following aspects: the composition and role of the Supervisory Board, governance and the structure of the company, the effectiveness of supervision and transparency and how the Supervisory Board fulfils its roles as employer and advisor. The general picture created by this evaluation is positive and encourages the Supervisory Board to continue on the same path. The Supervisory Board performs well and cooperation within it and with the committees runs smoothly. There is an open dialogue and room for debate, different opinions and the discussion of sensitive subjects. The Supervisory Board acts independently, its members come from diverse backgrounds and complement each other, it possesses a great deal of expertise and is well-equipped for its duties.

Looking ahead, the Board intends to make more room on the agenda for discussion of Achmea's international activities, which are an important driver of growth in Achmea's strategy.

The Chairman of the Supervisory Board also conducts individual evaluation interviews with the individual Supervisory Board members and together with another Supervisory Board member with the individual members of the Executive Board. The functioning of the Executive Board and its individual members is discussed in the Supervisory Board, the Selection & Appointments Committee and the Remuneration Committee. The points arising from the evaluation are taken on board by the individual members of the Supervisory and Executive Boards.

The Supervisory Board functions independently in its supervisory role. The advisory role of the Supervisory Board is appreciated and in that context the Supervisory Board rates its relationship with the Executive Board as good. It was established that the reports and information provided to the Supervisory Board and the quality of the information provided were excellent. In these, the interests of the company's stakeholders are incorporated in a balanced fashion.

Culture
The Supervisory Board and the Executive Board discussed, among other things, the open culture, leadership and transparency in communications between the Supervisory Board and the Executive Board. As part of the strategic direction of the company, the culture in the company and the required employee and leadership profile were discussed. Among other things, the TOP (Talent, Development and Performance) programme, with a focus on direct feedback and the creation of an environment in which our employees can work on their personal development and excel, are important to Achmea. The 'tone at the top' also came up, as well as Achmea's employee values: Passionate, Contemporary, Ambitious, Proud and Decisive. In addition, integrity as a part of transparency and an ethical corporate culture was also discussed. The transparent and ethical business culture is based on indicating desirable conduct from the perspective of Achmea's cooperative identity, as determined in Achmea's General Code of Conduct. The code of conduct describes Achmea's rules of conduct.

Shareholder relations
The Chairman of the Executive Board is the primary point of contact for shareholders. The Chairman of the Supervisory Board conducts meetings with shareholders on specific topics. This primarily concerns aspects such as nominations for the appointment of members of the Supervisory Board. In addition, the Chairman of the Supervisory Board has contact with shareholders in the context of the General Meeting. The Chairman of the Supervisory Board is also invited to attend a number of meetings of the board of Vereniging Achmea, the majority shareholder of Achmea BV, as an observer.

With a view to engagement with Achmea customers, Supervisory Board members are invited to attend Members Council meetings organised by Vereniging Achmea.

SUPERVISORY BOARD REPORT

Relations with the external auditor
In 2021 PricewaterhouseCoopers Accountants N.V. (PwC) transferred the audit assignment to Ernst & Young (EY) as Achmea BV's external auditor. EY's appointment is for the financial years 2021 through 2025.

The Chairman of the Supervisory Board and the Chairman of the Audit & Risk Committee meet annually with the external auditor's lead partner. In addition, in 2021 the Audit & Risk Committee held two private meetings with the external auditor. The Audit & Risk Committee and subsequently also the Supervisory Board discuss the performance of the external auditor annually. The external auditor is not present on this occasion.

The Supervisory Board and the Audit & Risk Committee agree that the working relationship with the accountant EY is good. The transition went well despite the constraints imposed by Covid-19 measures. The cooperation is good and transparent. EY adds value to improving the financial reporting process and challenges the company in a constructive and positive manner.

Based on the external auditor's report, among other things, the Supervisory Board concluded that the level of control of the financial reporting and internal control within Achmea are of a good level.

Relations with Internal Audit
The Supervisory Board maintains an independent relationship with the Internal Audit department. Following advice from the Audit & Risk Committee, the Supervisory Board lays down the Annual Audit Plan each year. The Audit Memorandum together with the external auditor's management letter provide the Supervisory Board with a good overview of the Group's internal control framework and of the main areas for attention. The Supervisory Board is satisfied with the strong relationship between the Audit & Risk Committee and the Director of Internal Audit. The Chairman of the Supervisory Board and the Chairman of the Audit & Risk Committee meet regularly with the Director of Internal Audit. The Director of Internal Audit is also present at the meetings of the Remuneration Committee as a part of the discussion of the audit of Achmea's Remuneration Policy and at the meetings of the Audit & Risk Committee. The Audit & Risk Committee discusses Internal Audit's performance annually. The Director of Internal Audit is not present on this occasion.

Partly on the basis of a periodic assessment of the quality of Internal Audit carried out by an external independent expert, the Supervisory Board rates the activities of Internal Audit as good.

Relations with Risk and Compliance
The Supervisory Board has noted that the Risk and Compliance function is properly anchored in the organisation and was structured more efficiently in 2021. The Risk and Compliance reports are good quality and provide insight into the integral risk profile of Achmea. The Risk and Compliance reporting contains an overview of the developments and points for attention relating to Achmea's primary risks, as well as information on developments in the business units and particulars relating to the financial, operational and compliance risks. The way in which relevant laws and regulations are complied with is also discussed. An overview of new and forthcoming laws and regulations is also given regularly.

Relations with the external regulators
The Supervisory Board notes that Achmea's relationship with the external supervisory bodies is good. The Supervisory Board has an annual consultation meeting with the Management Board of DNB, and the Chairman of the Supervisory Board and the Chairman of the Audit & Risk Committee regularly speak with DNB and the AFM.

Relationship with the Central Works Council (COR)
The Supervisory Board has a good relationship with the Central Works Council. The Supervisory Board noted that there are sound working relations and a constructive and open dialogue between the Executive Board and the Central Works Council. The Supervisory Board members took turns attending meetings of the Central Works Council in 2021. In line with the legally reinforced right of recommendation, the Central Works Council may propose candidates for three of the nine Supervisory Board seats.

Conflicts of interest
In line with the Dutch Corporate Governance Code, transactions involving Supervisory Board members in which there are material conflicts of interest must be published in the Annual Report. No such transactions occurred in 2021.

New additional positions held by Supervisory and Executive Board members leads Compliance to issue advice to the Chairman of the Supervisory Board in connection with potential conflicts of interest (or the appearance of these), after which a committee led by the Chairman of the Supervisory Board decides on the desirability of the additional position. Current developments may give cause for internal (re)evaluation.

Audit & Risk Committee report

The Audit & Risk Committee is comprised of the following four members of the Supervisory Board: Mr Roel Wijmenga (Chairman), Ms Lineke Sneller, Ms Petri Hofsté and Ms Miriam van Dongen. The Audit & Risk Committee also acts as the Audit & Risk Committee for the Supervisory Boards of Achmea Zorgverzekeringen N.V. and its subsidiaries, Achmea Schadeverzekeringen N.V. and Achmea Pensioen- en Levensverzekeringen N.V.

SUPERVISORY BOARD REPORT

In 2021, the Audit & Risk Committee's ordinary meetings were dominated by discussions on (drawing up) financial policy, the (development of the) results during the reporting period and the sensitivity of these to potential internal and external risks. In this respect, in 2021 a great deal of attention was again devoted to the periodic reporting by Risk Management, Compliance and Actuarial, as well as by the internal and external auditors. The Audit & Risk Committee also evaluated and discussed the annual and interim results prior to external publication, as well as the quarterly figures for shareholders for consolidation purposes, and the related audit reports of the external auditor. In addition, explicit discussions were held on Achmea's risk appetite and its control, partly based on the Risk & Compliance reports and Audit Memorandum.

During the meeting to discuss the 2020 financial statements, much attention was devoted to Achmea's solvency and liquidity position and the financial results over 2020. The solid performance in exceptional circumstances has been discussed. The year 2021 was also marked by the Covid-19 pandemic. The financial result was significantly influenced by Covid-19. Uncertainties arising from the impact of Covid-19 on health results were discussed at length. The realisation of long-term financial and strategic objectives and the management of these objectives were also discussed. In addition, the proposal for, and consideration of, the Executive Board regarding the interests of the company and its stakeholders regarding the payment of dividends to the holders of preference and ordinary shares was discussed at length. The Executive Board strongly considered the call from EIOPA and DNB for insurers to exercise caution and prudence in their capital policies due to the impact of Covid-19, as well as the impact of a prolonged low interest rate environment and the uncertainties regarding the extent and duration of the impact of Covid-19 on financial markets and its possible consequences on the solvency and liquidity position. This consideration and decision was endorsed by the Audit & Risk Committee.

Another item on the agenda was the closing process and adoption of the Solvency II ratio.

The Audit & Risk Committee is regularly informed by the Executive Board of the progress on top priorities that deliver a crucial contribution to the strategic development and the improvement in the operational result, solvency, free capital generation and liquidity. The Audit & Risk Committee has closely monitored developments, deepened its understanding on a number of aspects and has established that good progress has been made.

During review of the rolling forecast, in-depth discussions were held in the Audit & Risk Committee on the progress on the financial strategy, expectations relating to the results, the FTEs and cost reduction targets, Achmea's capital, liquidity and solvency positions and measures to improve the capital, liquidity and solvency positions. With regard to Syntrus Achmea Real Estate & Finance, the strategic direction of Syntrus Achmea Real Estate & Finance, the financial development in 2020 and in the planning period 2021-2023 were discussed. Extra attention was given to the subject of Customer Due Diligence including a deep dive on the subject. With regard to Achmea Bank, the way in which Achmea Bank finances its activities and the way in which synergy is sought and optimisation of the cooperation with other parts of Achmea were discussed.

Other topics discussed by the Committee included the Solvency and Financial Condition Reporting, the Regular Supervisory Report, the 2020 Achmea Valuation and the 2020 Annual Report. The Annual Reports and Regular Supervisory Reports of Health, Achmea Pensioen- & Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V. were also discussed in the presence of the responsible financial directors. The rating and dividend distribution by the supervised companies within the Achmea Group were also discussed. Discussions on portfolio measures were also held with the Executive Board and developments with regard to the actuarial interest rate and injury burden for injury provisions with regard to Achmea Schadeverzekeringen N.V. Additionally, the Executive Board informed the Audit & Risk Committee in 2021 on the content of the talks with the regulators.

In discussing the Risk Management & Compliance reports, in addition to the usual focus on compliance and operational risks, the Audit & Risk Committee devoted express attention to the development of the financial ratios, the risks involved and how these are and can be controlled. The Audit & Risk Committee also discussed the management of integrity and fraud risk, the governance and control of participations, the updating of the Group Risk Appetite 2021 and model management and model validation. An extensive explanation was given to the Audit & Risk Committee on (the update of) the capital policy and liquidity policy. The management of the compliance theme Customer Due Dilligence and developments regarding the theme Sustainability were also discussed at length. In addition, the Preliminary Crisis Plan, the Q&A Savings Values, EIOPA Solvency II Review 2020 and EIOPA stress-testing 2021 were also discussed. In-depth discussions were also held on Fiscal Governance. In addition, the transformation programme 1Finance and the progress (of the implementation) were discussed. With regard to the IFRS 9 and IFRS 17 regulations, an external speaker took the committee through the developments surrounding IFRS 9 and IFRS 17. Moreover, the intended policy choices were discussed several times and the implementation of IFRS 9 and IFRS 17 is monitored by means of a progress report. The company's risk management and risk appetite are important topics for the Supervisory Board, particularly in the current financial climate. The Committee advised the Supervisory

SUPERVISORY BOARD REPORT

Board during discussions of the risk appetite, including comprehensive risk reporting and Own Risk & Solvency Assessment (ORSA). Other subjects discussed with the Executive Board were the annual Internal Audit Annual Plan 2022, including the scope and definition of principles, the Investment Plan 2022 and the corresponding controls and monitoring.

The Audit & Risk Committee has discussed the draft audit plan 2021 Achmea BV and IFRS 9 and IFRS 17 transition audit plan 2021 with the new external auditor EY. In addition, the Audit & Risk Committee again discussed the implementation and reassessment of the Internal Audit Annual Plan 2021 and presented positive advice to the Supervisory Board. The Audit & Risk Committee was also briefed on the update of the Internal Audit Charter and the Independence Policy. In addition, the Audit & Risk Committee received a demonstration of the application of data analysis in audits by Internal Audit.

In November 2021, at an extra combined Supervisory Board and Audit & Risk Committee meeting, the Audit & Risk Committee presented the Executive Board's proposal for a selective share buyback with a positive recommendation to the Supervisory Board. The Audit & Risk Committee endorsed this proposal of the Executive Board and the underlying insights.

At the end of 2021, the 2022-2025 Group Business Plan, the financial translation of the business plan and the 2022 Budget were discussed in detail. The Audit & Risk Committee issued a positive recommendation on this to the Supervisory Board. In its deliberations, the Committee examined in detail the (growth) ambition in the Group Business Plan, as well as in relation to the Achmea entities. Moreover, the utilisation of the identified potential to accelerate the realisation of the strategy was discussed.

The Audit & Risk Committee and EY discussed the Management Letter of EY. The Audit & Risk Committee, together with EY, concluded that the internal control system, including the IT environment, is adequate. The importance of the timely implementation of IFRS 9 and IFRS 17 was also discussed. In addition, the Audit & Risk Committee underscores the importance of the programme to accelerate the realisation of the strategic and financial ambitions in the planning period. The committee concluded that all issues addressed in EY's management letter have the necessary attention of the Executive Board.

Remuneration Committee report

As of 31 December 2021, the Remuneration Committee is comprised of the following three Supervisory Board members: Mr Lex Kloosterman (Chairman), Mr Jan van den Berg and (as of 11 October 2021) Mr Tjahny Bercx. The Remuneration Committee receives advice from internal and external specialists in Achmea's Remuneration Policy, including the Human Resources Director. The Remuneration Committee held five meetings in 2021.

Monitoring responsible remuneration

One of the key tasks of the Remuneration Committee is monitoring the application of and compliance with the (variable) remuneration policy. Responsible and controlled remuneration is an important matter for Achmea (for more information please see the annual Achmea Remuneration Report at www.achmea.nl).

In the Remuneration Committee meetings, meticulous reporting is made by the support departments tasked with the implementation of the so-called key controls on the remuneration policy. This includes the (annual) key controls relating to target setting, the method used to set them, whether goals have been achieved (sustainably), and the periodic risk analysis of the Achmea Remuneration Policy and the risk takers and identified staff.

The Group remuneration policy is discussed each year and whether it needs to be amended. In 2021, the Group Remuneration Policy was updated. The substantive changes relate to the alignment with a new strategic planning period, with the changes in the Achmea organisation and with interim changes in legislation and regulations. This does not involve a material policy change.

In 2021, the Remuneration Committee updated the composition of the peer group for the Executive Board Remuneration Benchmark in 2022.

Performance management process

A few years ago, the performance management process was revised and simplified within the Achmea Group. In modifying the process, it was decided to opt for greater simplicity and stricter management by restricting the number of Key Performance Indicators (KPIs), while also defining them more precisely, In a way that suits the strategy and Achmea's long-term value creation model, but also within the company's risk profile and risk appetite. A direct link was also made to the Achmea General Code of Conduct. Any violations of the code result in a downward adjustment of the variable remuneration. Based on the multi-year strategy map, a link is established annually from six different perspectives (i.e. customers, societal context/sustainability, employees, (business) partners, processes and financial results) with objectives that apply to the Achmea Group, divisions and segments and/or individual board members and employees. This creates a sound balance in the type of performance indicator, short and long-term performance management and in the criteria used as a basis for variable remuneration. Some of these are personal development objectives as well, for instance in the context of strengthening leadership.

The performance management process is evaluated annually and discussed in the Remuneration Committee. This was again the case in 2021. In essence, the process of performance management has remained unchanged.

Performance evaluation and variable remuneration
Each year, the Remuneration Committee assesses the performance of the individual Executive Board members over the relevant year. It holds separate meetings with the individual members of the Executive Board to this end. The Remuneration Committee advises on this, particularly as to whether variable remuneration should be awarded.

After the adoption of the 2020 financial statements, in 2021 variable compensation was allocated to the groups of Achmea employees that qualify for variable remuneration, including the members of the Executive Board. This is in view of the good results and the achievement of the targets for the performance year 2020. After it was determined that Achmea's financial position was solid and the payment of variable remuneration was justified, half of the 2020 variable remuneration was paid out to the members of the Executive Board in May 2021, the other half has been postponed and will become payable after a sustainability test in 2026. Please also see Explanatory note 33 of the consolidated financial statements and the 2020 Achmea Remuneration Report published on www.achmea.nl in May 2021.

Final decision-making on awarding variable remuneration over 2021 has yet to take place. More information on this will be given in the 2021 Achmea Remuneration Report to be published in 2022.

In 2021, there were no downward adjustments or clawback of variable remuneration awarded to the Executive Board relating to previous years.

Internal remuneration ratios
The Remuneration Committee also discussed the internal remuneration ratios during the past year. As a benchmark for the internal remuneration ratios, it examined the ratio between the remuneration of the Chairman of the Executive Board and that of the average Achmea employee in 2021. In 2021 the CEO pay ratio was 20.9 (2020: 24.2) and therefore decreased.

The internal remuneration ratios were also a topic of discussion in 2021 between the Chairs of the Executive and Supervisory Boards on one hand, and the Central Works Council in one of their consultative meetings on the other hand. This is in line with the Works Councils Act and has been applied at Achmea for some time already on the basis of its cooperative identity.

Other topics

Laws and regulations
Developments in laws and legislation relating to remuneration policy at (financial) companies also received attention over the past year. The (international) laws and regulations on sustainability in relation to Achmea's Remuneration Policy were discussed. Developments in sustainability policy and legislation are included in the update of Achmea's Remuneration Policy, whereby the balanced manner of performance management supports the steering towards sustainability objectives. Achmea's (variable) reward structure with its balance of stakeholder perspectives does not contain elements that could be detrimental to the achievement of sustainability goals. Although Achmea is not a listed company, in the past year the Remuneration Committee has also discussed the international remuneration rules that have been implemented in Dutch legislation for listed companies. It was assessed whether these contained elements that could be relevant to Achmea's Remuneration Policy or were still missing. The conclusion was that these were largely already recognisable in the Achmea policy.

2021 Remuneration Report
A detailed overview of the remuneration of the members of the Executive Board can be found in the Note 33 of the consolidated financial statements "Related party transactions".

For more information on the (variable) remuneration, please see the 2021 Remuneration Report, which will be published on our website www.achmea.nl later in 2022.

Selection & Appointments Committee report

The Selection & Appointments Committee is responsible for monitoring the appropriate composition and profile of both the Supervisory Board and the Executive Board. The Committee looks for and makes recommendations regarding potential candidates, in some cases in conjunction with shareholders or the Central Works Council based on rights of nomination.

As of 31 December 2021, the Selection & Appointments Committee is comprised of three members of the Supervisory Board: Mr Jan van den Berg (Chairman), Ms Petri Hofsté and Mr Wim de Weijer.

Changes and vacancies
In 2021, the filling of future vacancies in the Executive Board and the Supervisory Board was the subject of extensive discussion.

SUPERVISORY BOARD REPORT

The Supervisory Board's 2020 report has already given detailed information on Mr Willem van Duin's retirement as Chairman of the Executive Board, which was announced in 2020. Ms Bianca Tetteroo was appointed Chairman of the Executive Board and Mr Michel Lamie was appointed Vice-Chairman. Both appointments took place simultaneously with the retirement of Mr Willem van Duin on 13 April 2021.

The Selection & Appointments Committee considered how to fill the resulting vacancy. After careful review of the current composition of the Executive Board and the required competencies on the Board in light of the current requirements, the Selection & Appointments Committee issued positive advice to the Supervisory Board on the appointment of Ms Daphne de Kluis as member of the Executive Board. The Supervisory Board appointed Ms Daphne de Kluis as of 12 October 2021 for a period of four years.

The Committee held extensive discussions on the composition of the Supervisory Board. Members of the Supervisory Board are selected based on a profile of the required professional background, education, (international) experience, skills, diversity and independence. The current composition of the Supervisory Board is such that the members can perform their duties properly because of the appropriate mix of experience and expertise.

After careful review of the current composition of the Supervisory Board and the required competencies on the Board in light of the current requirements, the Committee issued a positive recommendation to the Supervisory Board on the reappointment of Ms Lineke Sneller.

The Committee considered how to fill the vacancy in the Supervisory Board created by the retirement of Ms Mijntje Lückerath in April 2021. After careful review by the Selection & Appointments Committee of the current composition of the Supervisory Board and the required competencies on the Board in light of the current regulatory challenges, the Selection & Appointments Committee, in close consultation with the committee of the Central Works Council that made a recommendation to fill this vacancy based on its enhanced right of recommendation, advised appointing Mr Tjahny Bercx as Supervisory Board member. Mr Tjahny Bercx was subsequently appointed by the General Meeting with effect from 11 October 2021.

In 2020, the Committee had already discussed the filling of the vacancy of Chairman of the Supervisory Board arising from the resignation of Mr Aad Veenman from the Supervisory Board in April 2021 after a period of 12 years. The Selection & Appointment Committee advised the Supervisory Board to nominate Mr Jan van den Berg to the Board of Directors of Stichting Administratiekantoor Achmea for appointment as Chairman of the Supervisory Board. The Supervisory Board has nominated Mr Van den Berg and Stichting Administratiekantoor Achmea has appointed Mr Van den Berg as Chairman of the Supervisory Board with effect from 12 April 2021.

Succession planning
The Selection & Appointments Committee also discussed succession planning for the Executive Board and for the first management level below the Executive Board in 2021, based on a discussion of the Human Resources Performance Potential Portfolio. This meeting was once again held in 2021 with all members of the Supervisory Board in attendance. Items on the agenda included the company's diversity and Management Development policies, including the focus on internal training and internal promotion. The Supervisory Board also discussed succession planning at divisional board level. This provided the Supervisory Board with thorough insight into the management potential and management capabilities within the Group.

The Committee applies the diversity policy with respect to the composition of the Executive Board and the Supervisory Board as adopted by the Supervisory Board. The Supervisory Board endorses Achmea's general diversity and inclusion policy, and on the advice of the Committee applied a number of specific amendments to the diversity policy with respect to the composition of the Supervisory Board and the Executive Board. These specific amendments are: i) a balanced male/female ratio in the Supervisory Board and Executive Board, geared towards achieving a target of at least 30% female members at all levels (and at least 30% male); ii) the correct mix of experience and expertise from the perspective of suitability of the individual and the composition of the team as a whole; iii) to achieve diversity and a balance in the ages of the Board members.

2021 financial statements and dividends

EY audited the Achmea BV 2021 financial statements and issued an unqualified audit report on 9 March 2022. In line with the proposal by the Executive Board and the recommendation of the Audit & Risk Committee, the Supervisory Board recommends that shareholders approve the 2021 financial statements. After approval of the financial statements by the General Meeting, and with the approval of the Supervisory Board, the Executive Board proposes payment of a dividend of €172.6 million on ordinary shares. For the preference shares, the Executive Board, with the approval of the Supervisory Board, advised the General Meeting to approve an increase of the dividend (by 1.8%) to 5.5% of the nominal value of the preference shares and the share premium paid on these shares upon issue. Apart from the approval of the financial statements, the General Meeting will also be asked to approve the amended dividend policy and to discharge Executive Board members from liability for the management they have conducted and to discharge Supervisory Board members from liability for the supervision they have conducted in the 2021 reporting year.

SUPERVISORY BOARD REPORT

Acknowledgements

2021 was also largely dominated by the effects of Covid-19. The service to customers was assured through tremendous effort and focus, while at the same time employees worked from home en masse. We would like to take this opportunity to offer our compliments and thanks to the Executive Board, the Central Works Council and all Achmea employees for their great commitment and the enthusiasm they have shown which made this possible.

The Supervisory Board would like to thank Mr Van Duin for his tremendous efforts and commitment to Achmea. Willem van Duin has been of tremendous value to Achmea for decades. Over the course of his rich, nearly thirty-four-year career, he has been a dedicated and essential part of many major change processes.

The Supervisory Board would also like to thank Ms Lückerath, who stepped down as a Supervisory Board member on 12 April 2021 after a period of 10 years, for her highly valued contribution to the development of Achmea over many years.

We are also particularly grateful to Mr Aad Veenman for his very much appreciated, tremendous commitment over the past twelve years as a member and Chairman of the Supervisory Board for the past four and a half years. He has devoted a great deal of time, energy and vigour to our cooperative group and the development of Achmea.

The Supervisory Board would also like to thank Mr Timmer, who retired from the Executive Board on 1 March 2022 after nearly 25 years of service, eight of which as a member of the Executive Board, for his major contribution to Achmea's development as a company and wishes him every success in the future.

9 March 2022

The Supervisory Board
J. (Jan) van den Berg, Chairman
W.H. (Wim) de Weijer, Vice-chairman
T.R. (Tjahny) Bercx
M.R. (Miriam) van Dongen
P.H.M. (Petri) Hofsté
A.M. (Lex) Kloosterman
A.C.W. (Lineke) Sneller
R.Th. (Roel) Wijmenga

DOMAIN SMART MOBILITY; EASY FROM A TO B WITHOUT EMISSIONS

In the enormous mobility transition from owning to using and from fossil to green, we want to offer consumers and companies ever more convenience, reliability, personalization, and speed with insurance and services. We base this on data and smart models and systems.

CORPORATE GOVERNANCE

INTRODUCTION

Achmea BV is a private company with limited liability, with its statutory seat in Zeist, the Netherlands. Although in practice Achmea is governed, organised and managed in the same way as many listed organisations, its cooperative origin determines the way in which corporate governance is arranged at the level of the Executive Board, Supervisory Board and shareholders. Achmea adheres to the following relevant corporate governance codes: the Dutch Code of Conduct for Insurers, the Dutch Banking Code and the relevant provisions of the Dutch Corporate Governance Code.

Changes in the Executive Board in 2021

Mr Willem van Duin stepped down as a member of the Executive Board as of the conclusion of the General Meeting 13 April 2021. Simultaneously, Ms Bianca Tetteroo was appointed Chair of the Executive Board and Mr Michel Lamie was appointed Vice-Chairman.

As of 12 October 2021, Daphne de Kluis was appointed a member of the Executive Board.

Changes in the Supervisory Board in 2021

As of 13 April 2021, Mr Jan van den Berg was appointed Chairman of the Supervisory Board of Achmea. In doing so, he succeeded Mr Aad Veenman, who stepped down after three four-year terms. Ms Mijntje Lückerath also retired as a member of the Supervisory Board, a position she held since 1 July 2011.

Ms Lineke Sneller was reappointed for a term of two years. She has been a member of Achmea's Supervisory Board since January 2013. Mr Tjahny Bercx has been appointed a member of the Supervisory Board of Achmea BV as of 12 October 2021.

CORPORATE GOVERNANCE CODES

Code of Conduct for Insurers

The Code of Conduct for Insurers was drawn up based on core values established in 2018: 'providing security', 'making it possible' and 'social responsibility'. The Code includes principles relating to the conscientious treatment of customers and the continuing education of directors and internal supervisors. This Code of Conduct (the most recent version dates from June 2018) combines existing and new self-regulation of the sector with general provisions, including core values and rules of conduct. Based on the Code of Conduct, insurers give more depth to their public role, drawing on their own corporate vision. Achmea is doing this by means of, for example, the Achmea purpose, in which sustainability and social involvement play a prominent role and has anchored this in its processes and the Achmea Code of Conduct. For information about embedding the principles on the conscientious treatment of customers, please see Appendix C - Principles for Sustainable Insurance. Details on how continuing education of directors and internal supervisors is embedded are included in the relevant sections of this section.

Banking Code

The services we provide to our customers also include banking products, which we offer through Achmea Bank N.V. The Banking Code, Het Maatschappelijk Statuut (the Social Charter) and the rules of conduct associated with the Bankers' Oath together make up the Future-Oriented Banking package. The purpose of this package is to play a role in restoring trust in society in relation to banks and their roles in the community. Achmea Bank N.V. accounts for its compliance with the Banking Code principles on the websites www.achmeabank.nl and www.achmeabank.com. Here, specific examples are used to illustrate how the principles are complied with.

Dutch Corporate Governance Code

Since 1 January 2004, listed companies in the Netherlands have been required to report on compliance with the Dutch Corporate Governance Code in their management report on a 'comply or explain' basis. The purpose of the Code is to facilitate – with or in relation to other laws and regulations – a sound and transparent system of checks and balances within Dutch listed companies and, to that end, to regulate relations between the Management Board, the Supervisory Board and the General Meeting. Compliance with the Code contributes to confidence in the good and responsible management of companies and their integration into society. The Code was first adopted in 2003 and amended in 2008 and 2016. Although Achmea has listed instruments (issued bonds), it is not a listed company. We have voluntarily adopted and embedded the majority of the Corporate Governance Code's principles in our governance structure.

CORPORATE GOVERNANCE

Where applicable, we are almost fully in compliance with the principles and best practices.

As in previous years, in 2021 we did not comply fully with the following three principles of the Dutch Corporate Governance Code:
- Independence of Supervisory Board members (principle 2.1.8)
- Duration of the appointment of a member of the Executive Board (principle 2.2.1)
- Adoption of the remuneration policy for the Executive Board by the General Meeting (principle 3.1.1)

Members of Achmea's Supervisory Board are nominated by our shareholders (i) Vereniging Achmea, (ii) Coöperatieve Rabobank U.A., (iii) Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Schweizerische Mobiliar Holding jointly and, on the basis of the enhanced right of recommendation, by the Central Works Council (COR).

All members of Achmea's Supervisory Board fulfil their duties independently and not bound by any instructions. As of 31 December 2021, two of the eight members of the Supervisory Board of Achmea BV did not comply with the independence criterion (principle 2.1.8 of the Corporate Governance Code), because they are members of an executive board or supervisory board of an organisation holding more than 10% of the shares in Achmea. Mr Wim de Weijer serves on the Board of Vereniging Achmea, which is composed of customers' representatives. Ms Petri Hofsté is a Supervisory Board member at Coöperatieve Rabobank U.A. Both Vereniging Achmea and Coöperatieve Rabobank U.A. hold more than 10% of Achmea's shares. Principle 2.1.8 of the Corporate Governance Code should be taken in conjunction with principle 2.1.7, whereby 2.1.7 pertains to the criteria for guaranteeing independence of the Board as a whole. The independence of the Board is guaranteed and its composition complies with the criteria laid down in principle 2.1.7.

Members of the Supervisory Board are nominated by the General Meeting based on their expertise and independence and take part in the meetings without reference to or prior consultation with the parties which nominated them. Where appropriate, they refrain from participating in deliberations or decision-making.

As for the appointment term of the members of the Executive Board, the Corporate Governance Code recommends a term of four years. The only exception, where Achmea did not comply with this principle in 2021, is with regard to the retired Chairman of the Executive Board, Mr Van Duin. His appointment was for an indefinite period of time. For the period after 13 April 2021, Achmea did fully comply with this principle.

Regarding the principle of determining the remuneration policy, the Supervisory Board determines the salary and the terms and conditions of employment of members of the Executive Board. Achmea's remuneration policy is also assessed by the Remuneration Committee and adopted by the Supervisory Board. Achmea regards the fixing of the remuneration policy for the Executive Board as a matter for the Supervisory Board and therefore does not submit the matter to the General Meeting. The General Meeting is of course informed annually of the remuneration of the Executive Board members via sections in the year report on this remuneration and via the annual Remuneration Report.

The manner in which Achmea has adopted and embedded the Corporate Governance Code has been approved by the Supervisory Board. Likewise, our current corporate governance structure was approved by the General Meeting.

Achmea Code of Conduct

Achmea aims to be a leader in terms of its own rules of conduct and in terms of anticipating current and new regulations. For example, Achmea has decided to have all employees take a special oath or affirmation for the financial industry, which is in line with Achmea's cooperative identity. Active control, exercised to foster integrity and prevent integrity violations and fraud, limits any negative impact on trust, returns and the cost of claims. Achmea has therefore drawn up an Achmea Code of Conduct to ensure ethical conduct in accordance with Achmea's values and standards. Achmea's Code of Conduct is available at www.achmea.nl.

By recording duties and responsibilities in the area of fraud, risk management and checks, the control over and limitation of fraud is secured. Should an ethics violation or incident of fraud nevertheless occur, this can be reported on a confidential basis. A whistleblower policy is in place for this purpose and available at www.achmea.nl.

CORPORATE GOVERNANCE

EXECUTIVE BOARD

Responsibilities and role in corporate governance

The Executive Board is responsible for managing the company. This implies that the Executive Board is responsible for day-to-day business at Achmea and day-to-day business at the affiliated companies, for the accomplishment of company targets and for determining strategy and policy aimed at achieving these targets. The Executive Board maintains a set of regulations that govern the specific duties and activities of – and the division of duties between – the individual members, as well as the decision-making process within the Executive Board. The Executive Board is obliged to inform the Supervisory Board of any fundamental differences of opinion between the Executive Board and the management of the companies or entities. There were no fundamental differences of opinion in 2021. Each board member is directly responsible for specific Achmea activities (for further reference, see the personal profiles of the members of the Executive Board), with clear reporting lines of divisional and staff directors. The entire Executive Board is involved in the risk management anchored in the organisation and policies and their implementation. Together with another member of the Executive Board, the CFO and CRO sit on the Asset Liability Committee, which is chaired by the CFO. They also sit on the Group Risk Committee, which is chaired by the CRO. This facilitates improved short-term management of the balance sheet and also guarantees integral risk management at group level.

The Executive Board members ensure that the interests of all parties that have dealings with Achmea, including customers, employees, partners and shareholders are considered in a balanced way. The Executive Board takes Achmea’s continuity, the corporate social environment in which we operate and applicable regulations and codes into account when considering these interests. All members of the Executive Board have taken the oath or affirmation.

Achmea uses the ‘stakeholders’ model, which ensures that overall management and decision-making are in line with the interests of customers, employees, (business) partners, society and capital providers. This is all embedded in the strategy and identity of the Group and subsequently in the leadership profile, business plans and remuneration policy, and is also part of the considerations in every resolution adopted by the Executive Board. The formulation of objectives for the Executive Board and senior management is based on the Stakeholder Value Management model. The annual objectives have been ranked according to six different perspectives: customers, society, employees, partners, processes and financials.

Composition and diversity

Members of the Executive Board are appointed by the Supervisory Board on the non-binding nomination of Stichting Administratiekantoor Achmea (the holder of the A-share in Achmea BV). Executive Board members are selected based on their proven experience and competencies in the financial services industry. The members of the Executive Board provide a good mix of specific insurance experience (health, non-life, pension & life) and experience in the public/retail market (healthcare, pensions), the various distribution channels (direct, broker and bancassurance) and areas such as Finance, IT and HR.

As of 31 December 2021, the Executive Board was comprised of six members, three men and three women. Achmea aims to establish a good male/female ratio on the Executive Board. In addition to the aim of maintaining a balance in the Executive Board’s skills while ensuring that newly appointed members have the necessary experience of insurance, finance and risk, improving gender diversity is always included in the considerations. In successor planning for the Executive Board and the management level immediately below it, the advancement of women to top positions remains a priority in each vacancy. In this, maintaining and strengthening the right mix of skills remain the key decisive factors in the selection process. The organisation also places focus on cultural diversity.

Continuing education

At the beginning of each year, the themes for the continuing education programme of both the Supervisory Board and the Executive Board are established in consultation with the chairman of the Supervisory Board and the chairman of the Executive Board. This programme is aimed at maintaining and broadening the expertise of the members of the Supervisory Board and Executive Board. In addition to these special sessions, which are typically jointly attended by members of the Supervisory Board and Executive Board, attention is also given at regular meetings to relevant developments related to the financial industry, corporate governance, compliance, customer centricity and risk and compliance through presentations given by internal and/or external specialists. There is also scope to address subjects of a topical nature. Members of the Executive Board continue to pursue education on an individual basis as well.

CORPORATE GOVERNANCE

COMPOSITION OF THE EXECUTIVE BOARD AS OF 31 DECEMBER 2021

NAME	NATIONALITY	GENDER	EDUCATION	POSITION	APPOINTED
B.E.M. Tetteroo (1969)	Dutch	Female	Economics/Accountancy	Chairman	June 2015
M.A.N. Lamie (1966)	Dutch	Male	Economics/Accountancy	Vice-chairman / Chief Financial Officer	January 2017
D.C. de Kluis (1969)	Dutch	Female	Psychology	Member	October 2021
R. Otto (1967)	Dutch	Male	Law/MBA	Member	August 2015
L.T. Suur (1974)	Dutch	Female	International business administration	Member	September 2019
H. Timmer (1961)	Dutch	Male	Economics	Chief Risk Officer	March 2014

SUPERVISORY BOARD

Responsibilities and role in corporate governance

The Supervisory Board is responsible for supervising and advising the Executive Board on its conduct and general management of the business. Supervisory Board approval is required for important business-related decisions, such as the transfer of a significant part of the business, entering into or terminating a long-term partnership, major participations and investments, and termination of the employment of a considerable number of employees or significant changes in the employment conditions of a significant number of employees. This applies irrespective of the fact that fundamental and large-scale strategic changes or investments must have the approval of 80% of the votes in the General Meeting. The Supervisory Board and its individual members have a responsibility to obtain all relevant information required to perform their duties. These requirements are communicated to the chairman of the Supervisory Board. Information sources are usually the Executive Board, the Company Secretary, the Risk and Compliance function, HR, Internal Audit and the external auditor. However, if deemed appropriate by the Supervisory Board, information can also be obtained from corporate officers and external advisers who can be invited to attend Supervisory Board meetings or provide continuing education. The Supervisory Board consists of members who, even if they are nominated by shareholders or the Central Works Council, act in the interest of the company as a whole in the performance of their duties. All members of the Supervisory Board participate in meetings with no reference to or prior consultation with the parties that nominated them. All members of the Supervisory Board have sworn the oath or affirmation.

Composition and diversity

The composition of the Supervisory Board and nominations in the event of vacancies reflect the cooperative shareholder structure and employee participation through Achmea’s Central Works Council (COR). The size of the Supervisory Board has been set for some time now in consultation with the shareholders at a maximum of ten members and the nominations of the major shareholders have also been geared to this number. Vereniging Achmea is authorised to nominate candidates for four seats on the Supervisory Board. As the indirect holder of the A-share, Vereniging Achmea also has the right to appoint the chairman from among the members of the Supervisory Board. Coöperatieve Rabobank U.A. can put forward a candidate for a single seat. Gothaer Allgemeine Versicherung AG, Gothaer Finanz Holding AG and Schweizerische Mobiliar Holding AG have the right to jointly nominate one candidate. The Central Works Council appointed three members of the Supervisory Board effective 31 December 2021. This arrangement is in keeping with the legal framework of the Central Works Council’s right of recommendation.

In principle, every member of the Supervisory Board attends a meeting of the Central Works Council at least once a year. The General Meeting appoints and reappoints members of the Supervisory Board on the formal recommendation of the Supervisory Board. All the proposed changes to the composition of the Supervisory Board are discussed with the Central Works Council.

As of 31 December 2021, the Supervisory Board had eight members. In filling these positions, the company’s objective is to maintain a balanced mix of skills in the Supervisory Board while at the same time ensuring that the newly appointed member also has the required knowledge and experience laid down in the profile. Members of the Supervisory Board are selected and appointed based on a profile of the required professional background, education, (international) experience, skills, diversity and independence. The current composition of the Supervisory Board is such that the members can perform their duties properly because of the appropriate mix of experience and expertise. As of 31 December 2021, the Supervisory Board was comprised of five male and three female members. In addition to diversity in terms of knowledge, expertise and age, there is also gender diversity. Achmea's Supervisory Board therefore meets the legal target regarding gender diversity. The Supervisory Board also focuses attention on cultural diversity.

All members of the Supervisory Board are in compliance with the Management and Supervision (Public and Private Companies) Act in terms of the number of supervisory board memberships that they hold.

Please see the Supervisory Board Report for details of the composition of the Supervisory Board as of 31 December 2021 and the expertise table.

Continuing education

For information on how the continuing education programme is organised, please refer to the relevant part of the section headed "Executive Board". In addition, new Supervisory Board members attend an introduction programme specially designed for them. For more information on education courses attended in 2021, please see the Supervisory Board Report in this Annual Report.

Supervisory Board committees

The Supervisory Board maintains three specialised committees that advise the full board: the Audit & Risk Committee, the Remuneration Committee and the Selection & Appointments Committee.

Financial, control, risk and compliance issues are discussed primarily by the Audit & Risk Committee. These meetings are attended by the Chairman of the Executive Board, the CFO, the CRO, the Director of Internal Audit and the external auditor. The Directors of Finance, Actuarial, Risk Management and Compliance are invited for the agenda items relevant to them. The Audit & Risk Committee holds meetings with the external auditor in the absence of the members of the Executive Board and the Director of Internal Audit at least twice a year. Please see the Supervisory Board Report for further information.

The principal duty of the Remuneration Committee is to advise the Supervisory Board on remuneration policy for the entire Achmea Group (including foreign operating companies). The Remuneration Committee is responsible for formulating guidelines and monitoring the implementation of and compliance with the remuneration policy for the entire Achmea Group. This responsibility includes advising the Supervisory Board on the performance management of the Executive Board's members (for instance maintaining the balance between short and long-term interests and customers' interests). Remuneration is regularly evaluated, for instance with the aid of external benchmarks, and the committee assesses whether remuneration levels are appropriate in terms of the duties and responsibilities associated with a position. The Chair of the Executive Board attends all meetings of the Remuneration Committee except when her own remuneration is on the agenda or in other cases to be determined at the discretion of the committee chairman.

The Selection & Appointments Committee's task is to monitor the composition and profile of both the Supervisory Board and the Executive Board. The committee looks for and makes recommendations regarding potential candidates, in some cases in consultation with the Central Works Council or the relevant shareholder that has the right to nominate candidates. The chair of the Executive Board attends all meetings of the Selection & Appointments Committee except if her own performance is on the agenda or in other cases to be determined at the discretion of the committee chairman.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The majority of Achmea's shareholders are non-listed European organisations with cooperative roots.

In 2021 Achmea completed a repurchase of ordinary shares worth approximately €131 million. After obtaining the necessary approval from the General Meeting, Achmea bought out two minority shareholders: Fundo de Pensões do Grupo Banco Comercial Português and Stichting Beheer Aandelen Achmea. This transaction simplifies Achmea's shareholder structure.

Customers in the Netherlands are directly represented by Achmea's largest shareholder (Vereniging Achmea) and indirectly through Stichting Administratie-Kantoor Achmea (STAK Achmea). STAK Achmea is a shareholder that has issued depositary receipts for the ordinary shares that are held in the capital of Achmea BV to Vereniging Achmea. As of 31 December 2021, STAK Achmea's board consisted of the chairman and two deputy chairmen of Vereniging Achmea. The prior approval of Vereniging Achmea's board is required for the adoption of important resolutions by STAK Achmea. In certain cases, the prior approval of Vereniging Achmea's Council of Members is also required. At the end of 2021, Vereniging Achmea owned – partly through STAK Achmea – a total of 66.94% of the ordinary shares in the capital of Achmea BV (62.93% of the voting rights).

Coöperatieve Rabobank U.A., Achmea's second largest shareholder, is likewise a cooperative organisation. At the end of 2021, Coöperatieve Rabobank U.A. owned a total of 31.14% of the ordinary shares in the capital of Achmea BV (29.28% of the voting rights).

CORPORATE GOVERNANCE

Other shareholders that collectively represent 1.92% of the ordinary shares in the capital of Achmea BV and hold 1.80% of all shares, are Gothaer Allgemeine Versicherung AG, Gothaer Finanz Holding AG and Schweizerische Mobiliar Holding AG. Gothaer Allgemeine Versicherung AG, Gothaer Finanz Holding AG and Schweizerische Mobiliar Holding AG are members of the Eurapco alliance of independent European financial services providers (see www.eurapco.com for further information).

5.98% of Achmea's outstanding share capital consists of preference shares held by Achmea Tussenholding BV. All shares in Achmea Tussenholding BV are owned by Stichting Administratiekantoor Achmea Tussenholding, which has issued depositary receipts for shares to investors. Those investors therefore receive the dividend paid by Achmea on the preference shares. They do not have the right to vote in Achmea's General Meeting: this right is held by Achmea Tussenholding BV.

SHAREHOLDERS AS OF 31 DECEMBER 2021

	CAPITAL RIGHTS	VOTING RIGHTS
Vereniging Achmea (direct and via STAK)	66.94%	62.93%
Coöperatieve Rabobank U.A.	31.14%	29.28%
Gothaer Allgemeine Versicherung AG	0.55%	0.52%
Gothaer Finanz Holding AG	0.63%	0.59%
Schweizerische Mobiliar Holding AG	0.74%	0.69%
Achmea Tussenholding BV*		5.98%

* Preference shares

GENERAL MEETING

Due to the statutory two-tier board regime that applies to Achmea, the authority of the General Meeting is restricted. Under the law and agreements in force, certain responsibilities rest with the Supervisory Board. The approval of the shareholders is nevertheless required for important corporate-law issues such as amendments to the Articles of Association, approval of the financial statements and decisions regarding the determination of profit appropriation and the distribution of dividend, resolutions concerning the issue of shares or the granting of rights to subscribe for shares (or appointing the Executive Board to arrange for such issue of shares or granting of rights), the reduction of Achmea's share capital, the appointment and dismissal of members of the Supervisory Board, and resolutions to dissolve, merge or divide Achmea. Crucial strategic resolutions that entail a fundamental change of course in Achmea's strategy and large-scale investments must be approved in the General Meeting by 80% of the votes cast. In the annual General Meeting held in April 2021 – besides regular resolutions regarding the 2020 annual report and financial statements, the profit appropriation and the discharge from liability of the members of the Executive Board and the Supervisory Board – the members also considered the reappointment of Ms Lineke Sneller as member of the Supervisory Board. The retirement of Mr Aad Veenman and Ms Mijntje Lückerath from the Supervisory Board and the discharge of the Supervisory Board for its supervision over the financial year 2021 to 13 April 2021 were also discussed. In the annual General Meeting held in April 2021, the retirement and discharge of Mr Willem van Duin for the financial year 2021 to 13 April 2021 were also discussed. In the Special General Meeting held in October 2021, the appointment by the Supervisory Board of Ms Daphne de Kluis as a member of the Executive Board and the appointment by the General Meeting of Mr Tjahny Bercx as a member of the Supervisory Board were discussed. The Special General Meeting held in December approved the partial repurchase of shares from Fundo de Pensões do Grupo Banco Comercial Português and Stichting Beheer Aandelen Achmea.

Voting rights

Specific rights are attached to A-shares, which are held by STAK Achmea, including the right to make a non-binding recommendation to the Supervisory Board concerning the appointment of members of the Executive Board, the appointment of the chairman of the Supervisory Board, the approval of a resolution concerning the dissolution, merger or division of Achmea, and the issue and transfer of Achmea shares. Vereniging Achmea, as depositary receipt holder for the shares held in Achmea by STAK Achmea, has the right to attend the General Meeting, but has no voting rights in respect of these depositary receipts. Shareholders and holders of depositary receipts for shares may authorise someone in writing to represent them. Members of the Executive Board and Supervisory Board are authorised to attend the General Meeting. They have an advisory and informative role in this meeting.

Provisions of the Articles of Association on dividend policy

The rules on the distribution of dividend are set out in Achmea's Articles of Association. Dividend is owed and payable four weeks after it has been adopted by the General Meeting (unless a different date is determined in this regard). The Executive Board may propose to the General Meeting that the dividend be distributed wholly or in part otherwise than in cash. The General Meeting may resolve to distribute all or part of the net result. On a proposal from the Executive Board, the General Meeting may resolve to distribute an interim dividend. Achmea's dividend policy is detailed in the Capital and Risk Management chapter.

DOMAIN CAREFREE LIVING AND WORKING; PLEASANT, SAFE AND CLIMATE-NEUTRAL LIVING AND WORKING

The climate agreement will lead to a huge sustainability drive for both existing and new homes and business premises. Meanwhile, people want to be able to live and work comfortably and safely. Achmea is helping to facilitate this movement with innovative services, partly in collaboration with partners, and financial support.

achmea

BIOGRAPHIES EXECUTIVE AND SUPERVISORY BOARD MEMBERS

Executive Board

BIANCA E.M. TETTEROO (b. 1969)

Chair of the Executive Board

Bianca Tetteroo joined the Executive Board in June 2015 and has held the role of Vice-Chair since 1 January 2020. On 13 April 2021, Ms Tetteroo was appointed Chair of the Executive Board.

Ms Tetteroo qualified as a chartered accountant in 1997 and completed her degree in information management at Nyenrode Business University. She has also attended various executive training programmes, including on corporate governance and leadership at Insead. She began her career in 1988 at the accountancy firm Mazars. She entered the financial services industry in 1996 at what was then called Fortis, where she held various positions in Asset Management, De Verzekeraar and elsewhere. She joined Achmea in 2009, where she held the position of financial director at pension administrator Syntrus Achmea. Ms Tetteroo had headed the Pension & Life division since 2012.

On 31 December 2021, Ms Tetteroo was responsible for the focus areas Strategy, Achmea IT, Management Development Executive Board, Administrative Office, Corporate Communication and Internal Audit.

Until 12 October 2021, Ms Tetteroo was a member of the Supervisory Boards of Achmea Investment Management and Syntrus Achmea Real Estate & Finance.

Ms Tetteroo also serves on the Supervisory Board of Netspar and De Kunsthal Rotterdam. She is also a Board member of Garanti Emiklilik and, as of October 2020, of the National Cooperative Council. Since 23 June 2021, Ms Tetteroo has been a Board member of the Dutch Association of Insurers. She has also been a member of the Board of the Achmea Foundation since April 2021.

MICHEL A.N. LAMIE (b. 1966)

Vice-Chairman and Chief Financial Officer

Michel Lamie joined the Executive Board on 1 January 2017. He was appointed Chief Financial Officer on 1 April 2017 and Vice-Chairman of the Executive Board on 13 April 2021.

On 31 December 2021, Mr Lamie was responsible for the focus areas Balance Sheet Management, Strategy (M&A and Program Office) and Achmea Reinsurance. He is Chairman of the Supervisory Board of Achmea Reinsurance Company N.V. and member of the Management Board of Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V. At Interamerican Greece, he is Vice-Chairman of the Board of Directors.

Mr Lamie is a chartered accountant and studied Economics and Accountancy at VU University Amsterdam. After earning his degree, Mr Lamie began his career at KPMG, followed by a position as CFO of RSA Benelux. Mr Lamie then worked at Achmea, most recently as Group Director Finance & Control. He has been a member of the Board of De Goudse Verzekeringen as Deputy Chairman since 2005 and, from 2009 to 2016, served as Board Chairman. In addition, Mr Lamie also served for many years as a director of the Dutch Association of Insurers (Verbond van Verzekeraars) and Chairman of the Supervisory Board of insurance broker Van Lanschot Chabot. In addition to his position at Achmea, Mr Lamie is also a member of the Supervisory Board of Royal De Heus.

DAPHNE C. DE KLUIS (b. 1969)

Daphne de Kluis was appointed a member of the Executive Board of Achmea on 12 October 2021.

Ms De Kluis studied Work and Organisational Psychology at the University of Amsterdam. She joined ABN AMRO in 1998. After holding various positions within Commercial Clients and Corporate & Institutional Banking, in 2009, she was named Global Head of Debt Solutions and, in 2013, Global Head of Financial Restructuring & Recovery. In 2017, she was appointed CEO Commercial Banking and was appointed a member of the Executive Committee of ABN AMRO.

On 31 December 2021, Ms De Kluis was responsible for the Pension & Life division, the Achmea Pension Services division, Achmea Investment Management, Syntrus Achmea Real Estate & Finance and Achmea Bank.

Since 12 October 2021, Ms De Kluis has been a member of the Supervisory Board of Achmea Bank N.V., the Supervisory Board of Syntrus Achmea Real Estate & Finance BV and the Supervisory Board of Achmea Investment Management BV.

BIOGRAPHIES EXECUTIVE AND SUPERVISORY BOARD MEMBERS

She is a member of the Management Board of Achmea Pensioen- en Levensverzekeringen N.V.

Ms De Kluis is also a member of the Supervisory Board of Euronext Amsterdam and Stadsherstel Amsterdam.
Ms De Kluis is also a member of the Board of the Hoge Veluwe Fonds and at ITVItae.

ROBERT OTTO (b. 1967)

Robert Otto joined the Executive Board in August 2015. After reading Law at Leiden University, he began his career in 1992 at ING. In his final position at the banking and insurance group he was responsible for ING Insurance and Postbank Insurance. After a period of two years as CEO of OHRA, he took up the post of managing director of the commercial division of Delta Lloyd in 2010. In mid-2013, Robert Otto joined Achmea as chairman of the Non-Life division.

On 31 December 2021, Mr Otto will be responsible for Human Resources/Management Development, InShared, the foreign operating companies (OpCos) in Australia, Canada, Greece, Turkey and Slovakia and the Zilveren Kruis division.

Mr Otto is Chairman of the Board of Eureko Sigorta and Interamerican Greece. He is also SOOA (senior officer outside Australia) and Chairman of the Supervisory Board of Achmea Australia. He is also Chairman of the Supervisory Board of Union and InShared, as well as a member of the Supervisory Board of Onlia. Until 12 October 2021, Mr Otto was a member of the Supervisory Board of Achmea Bank N.V. Until 12 October, he was also a member of the Management Board of Achmea Pensioen- en Levensverzekeringen N.V.

Mr Otto is also a Board member of Thuiswinkel.org and a board member of AMICE and ICMIF. Since November 2021, he has also been a Board member of iFHP.

LIDWIEN T. SUUR (b. 1974)

Lidwien Suur joined the Executive Board of Achmea in September 2019. Ms Suur studied International Business at Maastricht University and started her career in 1998 at ING/Nationale-Nederlanden. While there, among other things, she served as Director of Income Protection Insurance and Programme Director Strategy. She held the position of Managing Director of Unigarant and ANWB Verzekeren from the beginning of 2012 and has been a member of the board of ANWB since 2014. In 2016, she was made CFO of the ANWB.

On 31 December 2021, Ms Suur was responsible for the focus areas Non-Life division, Centraal Beheer division, Interpolis division, Market Strategy & Innovation and Achmea Corporate Relations & Partnerships.

She is a member of the Management Board of Achmea Schadeverzekeringen N.V. She is also a member of the Supervisory Board of Achmea Reinsurance Company N.V. and Chair of the Supervisory Board of N.V. Hagelunie.

Ms Suur is also Chair of the Non-Life Insurance Sector Board of the Dutch Association of Insurers and Chair of the Administrative Consultation between the Dutch Association of Insurers and NVGA. She is also a member of the Board of Guarantee Fund Motor Traffic (Waarborgfonds Motorverkeer) and a board member of the Netherlands Bureau of Motor Insurers (Nederlands Bureau der Motorrijtuigverzekeraars). Ms Suur has been a member of the Board of Achmea Innovation Fund since April 2021. She has also been Chair of the Supervisory Board of the Dutch Terrorism Risk Reinsurance Company since 21 May 2021.
Ms Suur was a member of the Supervisory Board of Microcredit for Mothers until the end of 2021.

HENK TIMMER (b. 1961)

Chief Risk Officer

Henk Timmer joined the Executive Board in March 2014. Mr Timmer studied Economics in Utrecht and followed the postgraduate course in IT Audit in Tilburg. He has held various positions in auditing, consultancy and ICT. He joined Achmea in 1997 as an auditor and manager for several business units, including IT, Health, Non-Life and Brokerage Distribution. In 2008, he was appointed managing director of Group Audit & Risk Services. In this role he headed the Audit, Risk and Integrity staff services. In 2012, he became a Director of Internal Audit, whose scope is the entire Achmea Group, both national and international.

On 31 December 2021, Mr Timmer was responsible for the focus areas Governance, Risk & Compliance, Legal Affairs, Central Services and Supervisors.

Mr Timmer participates in the CRO Forum on behalf of Achmea. This group of professional risk managers representing the European insurance industry focuses on developing and promoting best practices in Risk Management.

In January 2022, Mr Timmer announced his decision to step down as member the Executive Board of Achmea as of 1 March 2022.

BIOGRAPHIES EXECUTIVE AND SUPERVISORY BOARD MEMBERS

Supervisory Board

JAN VAN DEN BERG (b. 1964)

Jan van den Berg is a member of the Supervisory Boards of Achmea BV, Achmea Zorgverzekeringen N.V. and its subsidiaries, Achmea Schadeverzekeringen N.V. and Achmea Pensioen- en Levensverzekeringen N.V. Mr Van den Berg was appointed Chairman of the Supervisory Board of Achmea BV as of 13 April 2021. Since 13 April 2021, he is also Chairman of the Supervisory Board of Achmea Pensioen- en Levensverzekeringen N.V. and a member of the Supervisory Board of Achmea Schadeverzekeringen N.V.

Mr Van den Berg is also a member of the Supervisory Boards of MyTomorrows and Health Tech Global (Singapore). He also serves as an advisor to the Ministry of Healthcare Singapore. Since 1 July 2021, Mr Van den Berg has been a Board member at the Oranjefonds. He has over 20 years' management experience in the international insurance market.

He has previously worked at Nationale-Nederlanden, AXA and Prudential Financial, where he held the post of Asia President until 2017. Prior to that he worked at Coopers & Lybrand corporate finance.

WIM H. DE WEIJER (b. 1953)

Wim de Weijer is Vice-Chairman of the Supervisory Board of Achmea BV. He is also Chairman of the Supervisory Board of Achmea Zorgverzekeringen N.V. and its subsidiaries and a member of the Supervisory Board of Achmea Schadeverzekeringen N.V. and Achmea Pensioen- en Levensverzekeringen N.V. Mr De Weijer is also a Board member of Vereniging Achmea.

Mr De Weijer is also Chairman of the Supervisory Board of Wielco BV (Medux, Medipoint, HartingBank) and member of the Supervisory Board of ADG and Gastenhuis BV. He is also a Board member of the North Holland Childcare Foundation.

PETRI H.M. HOFSTÉ (b. 1961)

Petri Hofsté is a member of the Supervisory Boards of Achmea BV, Achmea Schadeverzekeringen N.V., Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Investment Management BV.

Ms Hofsté, a qualified chartered accountant, started her career at KPMG, where she was a partner in the Financial Services Audit practice until 2006. She subsequently held the positions of group controller and Deputy CFO at ABN AMRO Group, Division Director of Banking Regulation at the Dutch Central Bank (DNB) and CFRO at APG Groep N.V.

Ms Hofsté is a member of the Supervisory Boards of Rabobank, Fugro N.V. and Pons Holdings N.V. and Chairman of the Board of Stichting Nyenrode. She is also a Board member of Vereniging Hendrick de Keyser, Stichting Capital Amsterdam, Stichting Radix Nederland and a member of the Advisory Board of SER Topvrouwen.nl and the Advisory Board of WIFS.

LEX A.M. KLOOSTERMAN (b. 1956)

Lex Kloosterman is a member of the Supervisory Board of Achmea BV. He is also a member of the Supervisory Board of Achmea Schadeverzekeringen N.V., Achmea Pensioen- en Levensverzekeringen N.V. and, since 30 October 2020, a member of the Supervisory Board of N.V. Hagelunie.

After completing his law studies at Leiden University, he held various (international) positions at ABN AMRO Bank for 20 years in the US, Brazil, Singapore and in Europe. From 2006 to 2008, he was responsible for Asset Management and Private Clients on the Executive Committee of Fortis SA/NV, and from 2009 to 2018 he worked as Director at Rabobank International.

Mr Kloosterman is director at Stichting AGRI3 and Investor Director at Cerberus Global Investments BV. He was also treasurer of the Stichting De Oude Kerk Amsterdam until August 2021.

LINEKE A.C.W. SNELLER (b. 1965)

Lineke Sneller is a member of the Supervisory Boards of Achmea BV and Achmea Zorgverzekeringen N.V. and its subsidiaries. She is also a member of the Supervisory Board at Achmea Schadeverzekeringen N.V.. and Achmea Pensioen- en Levensverzekeringen N.V.

Ms Sneller is a Professor of Accounting Information Systems at Nyenrode Business University. Since starting her career at Ortec Consultants in 1988, she has held CIO positions at InterfaceFLOR and telecoms providers Tele2 and Vodafone.

BIOGRAPHIES EXECUTIVE AND SUPERVISORY BOARD MEMBERS

Ms Sneller is a member of the Supervisory Boards of ProRail, Infomedics Holding BV and Van Wijnen Holding BV. She is also a member of the Audit Advisory Committee of the Employed Person's Insurance Administration Agency (UWV). Since April 2021, Ms Sneller has been a member of the Advisory Board of the Institute of Internal Auditors, and since May 2021 a Board member of Stichting Berenschot Beheer. Until December 2021, she was a member of the Board of the Wigo4IT cooperative.

ROEL TH. WIJMENGA (b. 1957)

Roel Wijmenga is a member of the Supervisory Boards of Achmea BV, Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V.

Mr Wijmenga was CFO of ASR Verzekeringen from February 2009 to May 2014. Prior to this he was a member of Executive Board of Achmea and of the Board of Directors of Interpolis and a member of the Executive Board of Fortis ASR Verzekeringen. He previously held several business roles in the insurance industry: at AMEV and Fortis. Mr Wijmenga is currently Chairman of the Philips Pension Fund.

MIRIAM R. VAN DONGEN (b. 1969)

Miriam van Dongen has been a member of the Supervisory Board of Achmea BV, Achmea Pensioen- en Levensverzekeringen N.V., Achmea Schadeverzekeringen N.V. and Achmea Bank N.V.

Ms Van Dongen started her career at research firm IRIS (Rabobank/Robeco Group) and McKinsey & Company. She also held various positions at Delta Lloyd N.V., including as CFO of Delta Lloyd Belgium. From 2007 to 2009, she was CFO of Zilveren Kruis Achmea. She is also a member of the Supervisory Board of Optiver and Vice-Chair of the Supervisory Board of Mollie BV, as well as Vice-Chair of the Supervisory Board of Kadaster. She is also Non-Executive Director of Spear Investments BV. Until June 2021, Ms Van Dongen was Vice-Chairman of PGGM's Supervisory Board.

TJAHNY R. BERCX (b. 1963)

Tjahny Bercx has been a member of the Supervisory Board of Achmea BV, Achmea Pensioen- en Levensverzekeringen N.V. en Achmea Schadeverzekeringen N.V. since 11 October 2021.

Mr Bercx started his career as a naval officer and made the switch to business and the HR discipline in 1997. He successively worked as Vice President HR at ING Barings and KLM. He joined mobility company LeasePlan in 2005, where he is currently Chief People & Performance Officer. Mr Bercx has a Master's degree in psychology, a Master's degree in Work and Organisation in Occupational Health, completed an MBA at Keele University (UK) and has written several HR books. He is also a member of the Supervisory Board of ProRail and a member of the Supervisory Board of the Foundation 'help them come home'.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(BEFORE APPROPRIATION OF RESULT)

(€ MILLION)

	NOTES	31 DECEMBER 2021	31 DECEMBER 2020
Assets			
Intangible assets	12	748	735
Associates and joint ventures	13	41	55
Property for own use and equipment	14	473	551
Investment property	4	1,028	973
Investments	5		
Investments own risk		50,895	53,664
Investments for account and risk of policyholders		15,305	15,250
Banking credit portfolio		11,932	12,725
Deferred tax assets	15	560	626
Amounts ceded to reinsurers	6	737	685
Receivables and accruals	16	6,211	6,207
Cash and cash equivalents	17	1,569	2,184
Assets classified as 'Held for sale'	20	7	
Total assets		**89,506**	**93,655**
Equity			
Equity attributable to holders of equity instruments of the company		10,624	10,552
Non-controlling interest		9	7
Total equity	**18**	**10,633**	**10,559**
Liabilities			
Liabilities related to insurance contracts	6		
Insurance liabilities own risk		41,539	43,629
Insurance liabilities where policyholders bear investment risks		14,629	14,772
Other provisions	19	1,007	1,113
Financial liabilities	7	20,083	20,564
Derivatives	5	1,427	2,870
Deferred tax liabilities	15	32	31
Income tax payable		156	117
Total liabilities		**78,873**	**83,096**
Total equity and liabilities		**89,506**	**93,655**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	NOTES	2021	2020
Gross written premiums		20,026	20,175
Outgoing reinsurance premiums		−381	−349
Change in provision for unearned premiums and current risks (net of reinsurance)		−295	−190
Net earned premiums	**9**	**19,350**	**19,636**
Income from associates and joint ventures		−19	5
Investment income	10	1,446	3,507
Other income	21	458	410
Total income		**21,235**	**23,558**
Gross expenses from insurance contracts		18,309	20,502
Reinsurance recoveries		−241	−216
Net expenses from insurance contracts	**11**	**18,068**	**20,286**
Fair value changes and benefits from investment contracts		9	1
Interest and similar expenses	22	202	237
Operating expenses	23	2,299	2,256
Other expenses	24	72	148
Total expenses		**20,650**	**22,928**
Result before tax		**585**	**630**
Income tax expenses		136	80
Income tax impact rate change		−19	−92
Total income tax expenses	**25**	**117**	**−12**
Net result		**468**	**642**
Net result attributable to:			
Holders of equity instruments of the company		467	642
Non-controlling interest		1	0
Average number of outstanding ordinary shares		388,901,403	390,002,711
Earnings per share (in euro)	27	1.02	1.46

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ MILLION)

	NOTE	2021	2020
Items that will not be reclassified to the Income statement[1]			
Remeasurements of net defined benefit obligation[2]		−21	30
Unrealised gains and losses on property for own use[3]		−19	6
		−40	**36**
Items that may be reclassified subsequently to the Income statement[1]			
Currency translation differences (including realisations) on subsidiaries, associates, goodwill and joint ventures[4]		−42	−46
Share in other comprehensive income of Associates and joint ventures[3]		1	1
Unrealised gains and losses on financial instruments 'Available for sale'[3]		−331	688
Changes in the Provision for discounting of insurance liabilities from unrealised investment income[3]		559	−614
Gains and losses on financial instruments 'Available for sale' reclassified to the Income statement on disposal[3]		−443	−418
Reclassification to the Income statement as Provision for discounting of insurance liabilities from realised investment income[3]		244	249
Impairment charges on financial instruments 'Available for sale' reclassified to the Income statement on disposal[3]		11	59
		−1	**−81**
Net other comprehensive income	**26**	**−41**	**−45**
Net result		468	642
Comprehensive income		**427**	**597**
Comprehensive income attributable to:			
Holders of equity instruments of the company		426	597
Non-controlling interest		1	0

1 The net position (including taxes) is shown within this overview.
2 Accounted for as part of Retained earnings.
3 Accounted for as part of Revaluation reserve.
4 Accounted for as part of Exchange difference reserve.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

	SHARE CAPITAL/ PREMIUM	OWN SHARES	LEGAL RESERVES	REVALUA-TION RESERVE	EXCHANGE DIFFE-RENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	RESULT FOR THE YEAR	OTHER EQUITY INSTRU-MENTS	**SUBTOTAL EQUITY**[1]	NON-CON-TROLLING INTEREST	**TOTAL EQUITY**
Balance at 1 January 2020	**11,357**	**−335**	**53**	**1,120**	**−429**	**−7**	**−3,312**	**480**	**1,250**	**10,177**	**8**	**10,185**
Net other comprehensive income				−29	−46		30			−45		−45
Net result								642		642		642
Comprehensive income				**−29**	**−46**		**30**	**642**		**597**		**597**
Appropriations to reserves			12	−22			490	−480				
Dividends and coupon payments							−222			−222	−1	−223
Balance at 31 December 2020	**11,357**	**−335**	**65**	**1,069**	**−475**	**−7**	**−3,014**	**642**	**1,250**	**10,552**	**7**	**10,559**
Net other comprehensive income				22	−42		−21			−41		−41
Net result								467		467	1	468
Comprehensive income				**22**	**−42**		**−21**	**467**		**426**	**1**	**427**
Appropriations to reserves			−10	68			583	−642		−1	1	
Dividends and coupon payments							−222			−222		−222
Issue, sale and purchase of equity instruments[2]		−131								−131		−131
Balance at 31 December 2021	**11,357**	**−466**	**55**	**1,159**	**−517**	**−7**	**−2,674**	**467**	**1,250**	**10,624**	**9**	**10,633**

1 Subtotal Equity relates to Equity attributable to holders of equity instruments of the company.
2 In 2021 Achmea repurchased ordinary shares from shareholders Fundo de Pensões do Grupo Banco Comercial Português and Stichting Beheer Aandelen Achmea for the purchase price of €131 million.

Share capital/premium includes €10,923 million share premium (31 December 2020: €10,923 million). For more information refer to Note 18.

In 2021, the General Meeting decided to pay a dividend of €169 million (2020: €169 million). Subsequently in April 2021 a distribution was made from the other reserves to holders of ordinary shares in the amount of €150 million (2020: €150 million), and to holders of preference shares in the amount of €20 million (2020: €20 million). Achmea B.V. received €3 million (2020: €3 million) thereof on the depositary receipts it holds in Stichting Administratiekantoor Achmea Tussenholding.

Coupon payments on Other equity instruments amounted to €55 million (2020: €55 million). These amounts are included Dividend and coupon payments, with the tax effect (€17 million) on coupon payments being recognized in the consolidated income statement.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ MILLION)

	2021	2020
Cash flow from operating activities		
Result before tax	585	630
Adjustments of non-cash items and reclassifications:		
(Un)realised results on Investments, including foreign currency results and value changes and provisions for uncollectability	389	−1,878
Amortisation and impairment on Intangible assets, Property for own use and equipment, including foreign currency results	158	102
Amortisation of Deferred acquisition costs recognised as Receivables and accruals, including foreign currency results	26	29
Income from Associates and joint ventures	19	−5
(Accrued) Interest expenses	7	−9
Other changes and reclassifications	−2	34
	1,182	**−1,097**
Changes in operating assets and liabilities:		
Changes in Receivables and accruals (excluding Deferred acquisition costs) and Other liabilities recognised as Financial liabilities	−284	1,097
Changes in Liabilities related to insurance contracts net of reinsurance	−1,569	−246
Changes in Other provisions	−136	37
Changes in Financial liabilities (excluding financing activities)	−12	−116
Changes in Real estate investments	55	131
Changes in Investments	1,581	1,333
Changes in Deferred acquisition costs included under Receivables and accruals	−21	−20
	−386	**2,216**
Cash flows operating items not reflected in Result before tax:		
Received Income taxes	223	40
Paid Income taxes	−222	−138
Other changes		−3
	1	**−101**
Total Cash flow from operating activities	**797**	**1,018**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(€ MILLION)

	NOTES	2021	2020
Cash flow from investing activities			
Purchase of Subsidiaries, Associates and joint ventures and other investments (net of cash)		−48	−19
Purchase of Property for own use and equipment		−61	−83
Investments in Intangible assets		−21	−31
Disposal of Subsidiaries, Associates, joint ventures and capital interests (net of cash)		2	11
Sales and disposal of Property for own use and equipment		15	13
Dividends received from Associates and joint ventures		5	12
		−108	**−97**
Cash flow from financing activities			
Redemption of debt securities			−750
Issue of debt securities			743
Repayment of loans and funds drawn down		−874	615
Repurchase of equity instruments		−131	
Dividends and coupon payments		−222	−222
Interest paid		−49	−55
Paid lease liabilities		−28	−31
		−1,304	**300**
Net cash flow		**−615**	**1,221**
Net cash and cash equivalents at 1 January		2,184	963
Net cash and cash equivalents at 31 December	**17**	**1,569**	**2,184**
Cash and cash equivalents include the following items:			
Cash and bank balances		1,569	2,184
Cash and cash equivalents at 31 December	**17**	**1,569**	**2,184**

[1] The interest paid in the cash flow from financing activities relates exclusively to Achmea BV.

Included in the cash flows from operating activities for 2021 is interest received amounting to €1.303 million (2020: €1.366 million), dividends received amounting to €73 million (2020: €71 million) and interest paid amounting to €101 million (2020: €91 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

A. GENERAL INFORMATION

Achmea B.V. is a private company with limited liability incorporated and seated in Zeist. The head office is located at Handelsweg 2 in Zeist. The Achmea Group (hereafter called Achmea) comprises Achmea B.V. and the entities it controls. Achmea is a financial services provider with insurance activities in the field of non-life, health, income and life. Furthermore Achmea offers banking services, asset management and pension management services, and other services.

1. ACCOUNTING POLICIES

B. AUTHORISATION FINANCIAL STATEMENTS

The Achmea Consolidated Financial Statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Executive Board on 9 March 2022. At the same date, the Supervisory Board gave its advice to the General Meeting to adopt the Financial Statements. The Executive Board may decide to amend the Financial Statements as long as these have not been adopted by the General Meeting. The General Meeting may decide not to adopt the Financial Statements, but may not amend these.

C. BASIS OF PRESENTATION

The Achmea Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards as at 31 December 2021 and as adopted by the European Union (hereafter EU and EU-IFRS). Furthermore, the Achmea Consolidated Financial Statements comply with the requirements of Section 362, paragraph 9, Book 2 of the Dutch Civil Code. All amounts in the Consolidated Financial Statements are in millions of euros, unless stated otherwise. Assets and liabilities in the statement of financial position are classified based on liquidity. If references are made to the balance sheet in these consolidated financial statements, this refers to the statement of financial position.

In the primary consolidated statements items of a similar nature are condensed. In the notes these items are disaggregated as they are of relative importance for Achmea. Relative importance is assessed based on both quantitative and qualitative criteria. Quantitative criteria relate to the totals of the relevant category in the primary consolidated statements and the relative importance of the item in these statements. If the item is of relative importance quantitatively, it is disclosed further (in accordance with the required IFRS disclosures). If the item is not of relative importance quantitatively, Achmea applies qualitative criteria, such as specific importance to a user of the financial statements, to assess if further explanation in notes is required. If an item is of relative importance qualitatively, it is disclosed further in accordance with the required IFRS disclosures. If an item is not of relative importance, either quantitatively or qualitatively, the notes are as limited as possible in accordance with the International Accounting Standard Board (IASB) Disclosure Initiative principles and related materiality principles.

Furthermore Achmea has separated the notes into chapters ‘Notes to sections Balance Sheet and Income statement items’ and ‘Other notes’. The notes concerning the activities of Achmea of an insurance nature are included in ‘Notes to sections Balance Sheet and Income statement items’. Other notes are included because they meet the quantitative or qualitative relative importance criteria and are included in the section ‘Other notes’.

D. CHANGES TO REPORTING

In 2021, the following new Standards, amendments to Standards and Interpretations issued by the IASB were adopted: These have no significant impact on Total equity as per 31 December 2021, Net result for 2021 and comparative figures of Achmea B.V.:

- Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9;
- Interest Rate Benchmark Reform (IBOR) - Phase II (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

E. CHANGES IN STANDARDS AND AMENDMENTS WITH FUTURE APPLICATION DATE

The following standards and Interpretations were issued in 2021 or prior years and are not applied by Achmea in preparing its Consolidated Financial Statements 2021. These are:

IFRS 9 Financial Instruments

IFRS 9 introduces a new model for the classification of financial assets. This model is driven by the cash flow characteristics and the business model in which an asset is held. With regard to financial liabilities the changes as a result of IFRS 9 are limited and for most financial liabilities the existing amortised cost measurement can be maintained. As part of IFRS 9, the IASB has introduced an expected-loss model to determine impairment losses. This model requires taking into account expected credit losses when financial instruments are first recognised. In case of a significant credit deterioration expected credit losses should be taken into account for the full lifetime. Finally, IFRS 9 introduces a model for hedge accounting that aligns the accounting treatment with risk management activities.

The standard is effective on 1 January 2018, with insurers being allowed to delay application. Achmea is postponing the application of IFRS 9 until the implementation of IFRS 17 as of 1 January 2023. The required disclosures are included in Note 30 Credit quality financials assets and disclosures concerning deferral of IFRS 9.

Achmea is assessing the impact of this standard, taking into account the interaction with the current standard for the accounting of insurance contracts (and proposed amendments thereon) and also the future standard for the accounting of insurance contracts (IFRS 17).

IFRS 17 Insurance Contracts

IFRS 17 establishes a number of principles in relation to the recognition, presentation, measurement and disclosure of insurance contracts. The purpose of the standard is to ensure that the effect of insurance contracts within the scope of IFRS 17 on the financial position, result and cash flows is adequately reflected in the financial statements of an entity that issues insurance contracts and can be compared with other entities. The standard shall be effective for annual periods beginning on or after 1 January 2023, with early adoption being permitted. As of 31 December 2021, IFRS 17 is endorsed in the EU. In December 2021, the IASB issued an amendment to IFRS 17 (IFRS 17 and IFRS 9 - Comparative figures). This amendment enables entities that issue insurance contracts to determine the comparative figures for the investments based on the classification and measurement used under IFRS 9. As at 31 December 2021, this change in IFRS 17 had not yet been endorsed for use in the EU.

Following publication of the original standard in 2017, Achmea began an implementation process, which is taking into account the interaction with the future standard on financial instruments (IFRS 9).

Achmea expects that the initial application of this standard will have a significant impact on its consolidated financial statements because the valuation and determination of results of insurance contracts in combination with the valuation and determination of results of financial instruments will be substantially different.

In 2021, we continued the implementation and testing of our administrative systems against the new IFRS 9 and IFRS 17 accounting standards. The initial analyses of the impact of implementing IFRS 9 and 17 for parts of the portfolio have also been carried out. In addition, preliminary choices have been made on the key policy decisions. These choices will be further refined in 2022 following the analyses of the preliminary figures under IFRS 9 and 17. For this reason, it is too early to quantify the actual impact on total assets and results.

Other amendments with future application date

In 2021, the EU approved the following changes with a future application date. On application they will have no impact on Total equity or Net result or only a limited impact on the presentation and notes of Achmea.

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (effective date 1 January 2022).

In addition to the above-mentioned (amendments to) standards, standards have been published with a future application date or (amendments) in previous years which Achmea has not applied in preparing the consolidated financial statements. Since these amendments to the standards have no impact on Total equity or the Net result, or have no impact or only a limited impact on the presentation and notes of Achmea, they are not described further.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

It concerns the following amendments which were not yet approved for use in the EU as of 31 December 2021:

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current en Classification of Liabilities as Current or Non-current - Deferral of Effective Date (effective date 1 January 2023);
- Amendments to IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies (effective date 1 January 2023);
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective date 1 January 2023);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective date 1 January 2023).

F. AMENDMENTS RELATED TO ACCOUNTING POLICIES, PRIOR PERIOD CORRECTIONS AND CHANGES IN PRESENTATION

In 2021, no material adjustments with regard to accounting policies, changes in presentation and corrections for previous periods have been made in comparison with the 2020 consolidated financial statements of Achmea B.V., other than the adjustments described below.

From 2021 onwards, investments in the consolidated statement of financial position are broken down into the categories Investments for own account, Investments for account and risk of policyholders and Banking credit portfolio. Liabilities related to insurance contracts are also broken down into insurance liabilities for own account and insurance liabilities in which policyholders bear investment risk. In addition, from 2021 onwards, ‘the reinsurers’ share of the claims expense’ is presented separately in the profit and loss account and no longer netted off within net expenses from insurance contracts. Achmea has made these adjustments because the separate presentation enhances the insight into this item. These changes in presentation have no impact on the Net Result, Total Equity and earnings per share. Comparative figures have been adjusted.

From 2021 onwards, the changes in Investment property, Investments and Accrued acquisition expenses included in Receivables and accruals are presented in the cash flow statement under the changes in operating assets and liabilities. At the same time, the operational cash flows not included in the result before tax include the items acquisitions and disposals of Real estate investments, Investments and Capitalised acquisition expenses included in Receivables and accruals reclassified. Additionally, the Movements in Financial liabilities arising from banking activities are presented in the cash flow from Financing activities. Achmea has made this adjustment to bring the presentation in the cash flow statement more in line with the presentation of the related balance sheet items. Comparative figures have been adjusted.

In 2021, the name of the provision Profit sharing and bonuses for policyholders for the life insurance business, as included in note 6 Liabilities related to insurance contracts, was changed to Provision for interest accrual on insurance liabilities. This change is a better description of the nature of the item given the long-term low interest rates. This provision currently mainly contains amounts deriving from the valuation of specific fixed-income investments and derivatives at fair value that are held in order to reduce the interest rate risk inherent to the related insurance liabilities. Realised and unrealised gains and losses relating to the valuation of these investments are transferred to the Provision for interest accrual on insurance liabilities.

G. CHANGES IN ACCOUNTING ESTIMATES

For the preparation of these Consolidated Financial Statements, estimates and assumptions are used (e.g. for a number of assets and liabilities recognised in the balance sheet and the recognised income and expenses in the reporting period). The actual outcomes may vary from these estimates. In preparing these Consolidated Financial Statements, the nature of the estimates and assumptions made in applying Achmea B.V.’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Achmea B.V. Consolidated Financial Statements 2020, with the exception of changes in accounting estimates relating to foreign claims in the contribution from the Health Insurance Equalisation Fund, refer to Note 9 Net earned premiums. The bandwidth within which assumptions and estimates can fluctuate has increased during the Covid-19 pandemic, although to a lesser extent than at the start of the pandemic in 2020. This is mainly applicable to non-listed investments and Liabilities related to insurance contracts. The most important estimation uncertainties and changes in accounting estimates are included in the explanatory notes to the balance sheet and income statement items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

H. CONSOLIDATION FRAMEWORK

Basis for consolidation

All of Achmea's subsidiaries, associates and joint ventures are included in the Consolidated Financial Statements, based on Achmea's accounting framework. The following principles apply to Achmea’s Consolidated Financial Statements.

Subsidiaries

Subsidiaries are entities over which Achmea has control. Achmea controls an entity when Achmea is exposed or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assessment of control is based on the economic substance of the relationship between Achmea and the entity and considers existing and potential voting rights that are substantive. For a right to be substantive, Achmea must have the practical ability to exercise that right. Third-party interests in these entities are presented as Non-controlling interest within Total equity.

The outcome of the analysis whether (power to) control over an entity exists depends on the purpose and design of the entity, what are the relevant activities (that drive the entity’s returns) and how decisions about them are taken and whether rights of the entity give current ability to direct the relevant activities. In performing this assessment, Achmea has defined the most relevant activity as the ability to determine the strategic policies of an entity. The outcome of the analysis also depends on whether Achmea is exposed to or has rights to variable returns from its involvement with the entity and whether Achmea has the ability to use its powers over the entity to affect the amount of its returns. If an entity performs activities for the benefit of the public good and not only for the benefit of Achmea and/or its customers (for example health related foundations), no ability for Achmea to use its power over the entity to affect the entity’s return is presumed to exist. Different assumptions may result in a different outcome of the control assessment.

Investment funds managed by Achmea in which Achmea holds an interest are consolidated in the Consolidated Financial Statements if Achmea has control. In assessing control, all interests held by Achmea in the investment fund are considered, regardless if the financial risk related to the investment is borne by Achmea or by the policyholders. An exception to this is when the fund meets the definition of a silo (i.e. assets, liabilities and/or equity within the relevant entity are separated) or when, under strict facts and circumstances, a direct link between the policyholder and the fund can be assumed. On consolidation of an investment fund, a liability is recognised to the extent that Achmea is legally obliged to buy back participations held by third parties. The liability is presented in the Consolidated Financial Statements as Financial liabilities. Where this is not the case, other participations held by third parties are presented as Non- controlling interests. The assets allocated to participations held by third parties are presented *as Investments - Investments on own account*. Participations held by Achmea on behalf of policyholders are presented in the Consolidated Financial Statements as *Investments - Investments backing linked liabilities*.

Joint ventures

Entities over which Achmea and other entities share joint control by means of contractual arrangements are considered to be joint ventures. Achmea accounts for joint ventures using the equity method.

Associates

Entities over which Achmea exercises significant influence are accounted for using the equity method. Generally, significant influence is presumed to exist when the participation in ordinary share capital or voting rights (including potential voting rights) is between 20% and 50%.

Intra-group adjustments

Intra-group transactions have been eliminated in the Consolidated Financial Statements. Profits and losses resulting from transactions with associates and joint ventures are eliminated to the extent of Achmea’s interest in the associate or joint venture.

Business combinations of entities under common control

For the accounting of business combinations of entities or businesses under common control, Achmea uses the pooling of interest method in case of a (legal) merger and carry over accounting (transfer based on the carrying amount) in case of an acquisition. Such transactions do not have an impact on Net result and Total equity of Achmea.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. ACCOUNTING FRAMEWORK

This section sets out the general accounting policies. All assets and liabilities are measured at fair value, unless a different measurement is stated in the accounting policies. The specific accounting principles applicable to a certain line item in the financial statements are included in the note to the relevant item.

Consolidated statement of cash flows

The Consolidated Statement of Cash Flows has been prepared according to the indirect method with a breakdown into cash flows from operating, investing and financing activities. Cash and cash equivalents comprise cash, bank balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of Achmea's cash management processes are recognised as a component of Cash and cash equivalents. In total cash flow from operating activities, Result before tax is adjusted for those items in the Income Statement and changes in operating assets and liabilities, that do not result in actual cash flows during the year. Due to the nature of Achmea's activities, in which both insurance and banking are part of the operations, cash flows related to Investment property, Investments and Liabilities related to insurance contracts are presented as part of Total cash flows from operating activities.

Foreign currency differences

The Consolidated Financial Statements are presented in euros, which is Achmea's functional and presentation currency. Items included in the Financial Statements of Achmea's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency).

For consolidation, assets and liabilities of foreign subsidiaries with a functional currency other than the euro are translated into euros at the year-end exchange rates.

The income and expenses of these subsidiaries are translated at the weighted average exchange rates for the reporting period. Translation differences arising from the application of year-end exchange rates to the opening balance of net assets and goodwill of these subsidiaries and to the results for the reporting period are recognised in Total equity and reported as Net other comprehensive income.

The net asset value of associates and joint ventures with a functional currency other than the euro is translated into euros at the year-end exchange rates. The results of associates and joint ventures are translated at the weighted average exchange rates for the reporting year. Translation differences, arising from the application of reporting date exchange rates to the opening net asset value of associates and joint ventures and to the results for the reporting period, are recognised in Total equity and reported as Net Other Comprehensive Income.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet date exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in Net result. Exceptions are foreign exchange gains and losses recognised in Total equity as part of qualifying cash flow hedges or a qualifying net investment in a foreign operation. Refer to the accounting policies in the applicable disclosures for more details regarding the accounting of foreign currency differences for specific assets and liabilities.

Recognition financial instruments

When Achmea becomes a party to the contractual provision of a financial instrument (i.e. at trade date), Achmea recognises the instrument at fair value including transaction cost (unless the financial instrument is classified as 'At fair value through profit or loss').

Derecognition financial instruments

A financial asset (or part of a financial asset) is derecognised when the contractual rights to receive cash flows from the financial asset have expired or when Achmea has transferred substantially all risks and rewards of ownership.

The asset will also be derecognised if Achmea does not have or no longer has control over the asset, even if Achmea does not transfer or retain the risks and rewards related to an asset.

In transfers where control over the asset is retained, Achmea continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which Achmea is exposed to changes in the value of the asset. Upon derecognition, the difference between the disposal proceeds and the carrying amount is recognised in the Income Statement as a realised gain or loss. Any cumulative unrealised gains or losses previously recognised in Total equity are transferred from Total equity to the Income Statement.

Financial liabilities are removed from the balance sheet when the obligation is extinguished, i.e. when the contractual commitment is fulfilled, dissolved or expires. Achmea uses the average cost price method for financial assets and liabilities that are no longer included in the balance sheet.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported at the net amount in the balance sheet when Achmea:

- has a current legally enforceable right to offset the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment

In general, an impairment of an asset exists when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. At each reporting date, Achmea assesses whether there is an indication that an asset could be impaired and whether it is necessary to recognise an impairment loss. The goodwill from business combinations and other intangible assets with an indefinite life is tested for impairment every year. Impairments on Investments are recognised as *Realised and unrealised gains and losses* in the Investment income of the Income Statement. All other impairments are recognised as Other expenses in the Income Statement. Impairment losses recognised in prior years are reversed if the reversal can be objectively attributed to the disappearance or removal of the impairment event since the impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. An increase in the carrying amount due to the reversal of the impairment loss will not exceed the carrying amount if no impairment loss would have been recognised in prior periods. The increase due to a reversal of an impairment loss is recognised in the Income Statement (Investment income - *Realised and unrealised gains and losses* for fixed-income investments and in Other expenses for other reversals). Impairment losses on equity instruments classified as 'Available for sale' are not reversed through the Income Statement. Subsequent fair value changes are recognised in the Revaluation reserve (part of Total equity). An impairment regarding goodwill is not subject to reversal. For more details relating to the specific accounting policies for impairment, reference is made to the accounting policies for the specific items as included in the applicable disclosures.

J. ACCOUNTING FRAMEWORK

For the measurement of certain items of the financial statements, Achmea uses assumptions and estimates concerning future results or other developments, including the likelihood, timing or amounts of future transactions or events. Inherent to estimates is that the actual results may differ materially. Important estimates relating to a certain balance sheet item are also included in the note to the balance sheet item.

K. IMPACT OF COVID-19

Covid-19 has proven to be a structural factor, having a profound impact on society, our customers and our business. More information on the uncertainties and risks arising from Covid-19 and the ways in which Achmea is mitigating these risks can be found in Note 2 Capital and Risk Management.

In preparing the 2021 financial statements, estimates and assumptions were made taking into account the most recent developments and insights concerning the Covid-19 pandemic, to the extent that these provide further information about the situation at the balance sheet date.

For a more detailed explanation of impacts and uncertainties, please refer to the following notes: Real estate investments (Note 4), Liabilities arising from insurance contracts (Note 6), Fair value hierarchy (Note 8), Net earned premiums (Note 9) and Receivables and accruals (Note 16)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. CAPITAL AND RISK MANAGEMENT

Effective capital and risk management is essential for Achmea's continuity, and for maintaining a long-term relationship with our clients and other stakeholders. Capital management ensures that Achmea and all its supervised entities have sufficient capital to secure the interests of all stakeholders. Risk management involves identifying and assessing risks, determining and implementing risk control measures and the monitoring and reporting on risks. The starting point is rather of making well-informed decisions about the risks to be accepted in realising the business objectives This involves both the objectives of Achmea as a group as well as the objectives of the individual entities.

Capital and risk management complement each other and demand an integrated approach. For instance, the risk profile is quantified using a partial internal model, approved by the College of Supervisors, that is also used to calculate the required capital. In terms of risk, Achmea has defined its risk appetite and statements about the capital are an important part of this. Each year, the risk and solvency position are assessed in conjunction with each other in the Own Risk & Solvency Assessment (ORSA).

The Executive Board Report already addressed the Risk Management framework and a number of important risk themes. This paragraph discusses capital and risk management at Achmea in more detail using the following components: A. Developments in 2021, B. Capital position, C. Risk profile, D Risk Management System, E. Insurance risk, F. Market risk, G. Counterparty risk, H. Liquidity risk, I. Operational risk, J. Compliance risk and K. Capital management.

A DEVELOPMENTS IN 2021

This section provides an overview of the developments in 2021 in the area of capital and risk management, both with regard to changes in the capital and risk position and developments in the risk management system used to manage this capital and risk position.

Each year, the Executive Board and the boards of OpCo's carry out an integral assessment of the most important risk themes using the Strategic Risk Analysis. The composition of the risk profile, including the key risks identified in achieving the strategy remained largely unchanged in 2021. Section C Risk profile provides detailed information about the risk profile. This section discusses current developments in the areas of sustainability and climate change, Covid-19, inflation and the risk management system.

Sustainability and climate change

In 2021, Achmea presented its "Sustainable Living. Together" vision. The value creation model has also been updated and Achmea's ambitions in the field of sustainability have been laid down in the Sustainability ambition statement. From a Risk Management perspective, the sustainability risks are further mapped and the management of these risks is further integrated into the risk management system. Sustainability risks affect all ESG elements (Environmental, Social and Governance) and relate to Achmea as an insurer, Achmea as an investor and to its own business operations.

In 2021, attention was given to increasing the understanding of the physical risks and transition risks of climate change on Achmea. Attention was also paid to improving the risk models and the underlying basic data. As part of the annual risk and solvency assessment (ORSA) reporting, qualitative and quantitative analyses on climate-related risks (including stress and scenario testing) were carried out for both the Group and individual insurance entities.

Physical risks are mainly associated with the non-life portfolio. Climate change can have an impact in both the short term and long term on the extent and frequency of claims such as storm, rain, hail, drought and flooding. With life and health insurance, the impact is mainly in the longer term. Transition risks apply in particular to investments and financing.

Covid-19

Covid-19 has proven to be a structural factor, having a profound impact on society, our customers and our business. The medium-/long-term expectations regarding Covid-19 remain uncertain. As long as the virus is still among us, there is a risk of economic damage and financial markets can become volatile.

In 2021, on balance, there was no major negative impact of Covid-19 on the result and solvency of Achmea, partly due to the income received from the catastrophe regulation. In the catastrophe scheme, Covid-19-related costs incurred by healthcare insurers in the Netherlands are largely compensated by additional contributions from the Health Insurance Equalisation Fund. This catastrophe scheme expired at the end of 2021. For 2022, the additional contributions under the catastrophe scheme cease to apply. As of 2022, Covid-19 costs will be included in the risk equalisation, like regular medical expenses.

Inflation

In the second half of 2021, inflation and expectations related to inflation increased. In underlying terms, a number of developments can be identified as causes, including geopolitical tensions, tensions in the energy market and disruptions in the (global) distribution chains as a result of local measures to combat the Covid-19 pandemic. Now that inflation is rising, an important question is whether or not this is temporary. The central banks are acting differently based on their assessment of the underlying causes and their objectives. For the time being, the ECB assumes that inflation will eventually return to the desired level of 2%. However, there is also a chance that the causes specified will lead to structurally higher inflation. Achmea monitors developments closely and investigates the possibility and desirability of hedging inflation risk.

Risk management system

In 2021, the restructuring of the Risk & Compliance organisation, which was implemented in 2020, was further streamlined. With this restructuring, the responsibilities of the key functions are clearly allocated to the Compliance, Risk Management and Actuarial departments, both at group level and for the Dutch supervised insurance entities. The risk management activities are structurally tested for approach and effectiveness, including monitoring by De Nederlandsche Bank (DNB) under its Current Monitoring Methodology. Overall, Achmea’s internal governance is assessed as mature, with adequate risk management.

Achmea uses an approved partial internal model for the Solvency II calculation of the insurance risks for non-life and income protection insurances and for calculating market risk. These internal models provide Achmea with better insight into the risks, enabling improved risk management. The models are periodically reviewed and improved. In 2021, a major model adjustment was made to the partial internal model for market risk where, for the equity and real estate risk component, the risk assessment better reflects historical data. In addition, in 2021, Achmea modified its internal model for flood risk, incorporating the latest insights on the quantification of flood risk. Please refer to section C Risk profile for more detailed information about the partial internal model.

B CAPITAL POSITION

Capital management at Achmea is based on the legal framework, economic principles and assumptions of rating agencies. The legal framework is determined by IFRS as adopted by the European Union, Solvency II and the Capital Requirements Directive IV ("Capital Requirements Directive IV", CRD IV) and Capital Requirements Regulation ("Capital Requirements Regulation", CRR). CRD/CRR is a framework specifically aimed at the banking business and the management of investment funds. For investment firms (within Achmea: Investment Management B.V. and Syntrus Achmea Real Estate & Finance B.V.), the ‘Investment Firm Directive’ (IFD) and the ‘Investment Firm Regulation’ (IFR) are applicable as of 2021.

As laid down in Achmea's risk appetite and capital policy, Achmea aims for a target ratio of at least 165% at group level under Solvency II.

At year-end 2021 Achmea and its entities are sufficiently capitalised in accordance with statutory requirements.

Achmea Group

The Solvency Capital Requirements for insurers and Achmea as a group are subject to Solvency II, the solvency regime for insurers that is in force in the European Union. Since 2020 the entities with banking activities and activities in the area of asset management and pension administration that fall under a different supervision (hereafter: banking and investment institutions) are included in Achmea’s solvency calculation based on their local sectoral bases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SOLVENCY RATIO

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Eligible own funds Solvency II	10,363	10,696
Solvency Capital Requirement	4,853	5,153
Surplus	**5,510**	**5,543**
Ratio (%)	214%	208%

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For the purposes of calculating the required capital, Achmea uses a risk an approved partial internal model as risk model. For further information on the partial internal model and an overview of the composition of the Solvency Capital Requirement (SCR), please refer to part C Risk profile.

The table below shows the composition of the Solvency II eligible own funds. See part K Capital management for information on the capital instruments used. This capital serves as a buffer for absorbing risks and financial losses.

ELIGIBLE OWN FUNDS SOLVENCY II

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Tier 1	8,231	8,445
Tier 2	1,578	1,699
Tier 3	554	552
Total eligible own funds Solvency II	**10,363**	**10,696**

The Tier 1 capital has decreased due to an adjustment of inflation and cost assumptions, repurchase of own shares and an adjustment in the treatment of banking institutions. The decrease is partly compensated by positive value development of shares and real estate. Tier 2 capital is falling due to increased interest rates.

On 9 November 2021, De Nederlandsche Bank published a Q&A in which they indicate that individual disability insurance (AOV) products qualify as long-term contracts under Solvency II. Achmea still labels these products as short-term contracts at the end of 2021. De Nederlandsche Bank will include the new interpretation in its supervision as of 1 July 2023.

A preliminary estimation of the effect of the modified treatment of the disability (AOV) products would lead to a limited decrease in solvency. The authorised Solvency II capital would increase by approximately €101 million to €10,464 billion and the Solvency Capital Requirement by approximately €77 million to €4,930 billion. This would reduce the solvency ratio by 1%-point.

The composition of equity under the Solvency II regulations is not the same as equity for IFRS purposes. Valuation differences and the impact of possible restrictions must be taken into account. The table below shows the composition of eligible own funds under Solvency II and the relationship with the IFRS equity.

RECONCILIATION BETWEEN EQUITY FINANCIAL STATEMENTS AND SOLVENCY II ELIGIBLE OWN FUNDS

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Equity Financial statements	10,633	10,559
Solvency II valuation and classification differences	846	951
Not qualifying equity and foreseeable dividends	−1,116	−814
Eligible own funds Solvency II	**10,363**	**10,696**

The Solvency II revaluations and reclassifications of €846 million (2020: €951 million) include items that are not recognised under Solvency II (such as goodwill and deferred acquisition costs), items that are valued differently under Solvency II (Solvency II uses economic value for all items) as well as reclassification of subordinated debts and repurchased own shares.

Not qualifying equity and foreseeable dividends includes changes in the availability of Achmea's equity in accordance with Solvency II requirements. These are mainly adjustments for foreseeable dividends and the value of repurchased own shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Key assumptions and estimates for the Solvency II calculation

For the Solvency II calculation (including Solvency II eligible own funds) Achmea uses assumptions and estimates with regard to future results or other developments, including the probability, the realisation moment or the amount of future transactions or events. Inherent in estimates is that the realisations may differ materially. Part of these assumptions and estimates correspond to the assumptions and estimates mentioned under Note 1 Accounting Policies – I (Key accounting estimates) and the accounting policies as included for the specific items in the Consolidated Financial Statements. For the Solvency II calculation (including Solvency II eligible own funds) several additional estimates are applied additionally or instead.

The most important additional estimates are:

- Application of internal models based on underlying assumptions and policy excess assessments.
- Cash flows used for the assessment of the market value of the Liabilities related to insurance contracts and Amounts ceded to reinsurers. Estimates under cash flows include the expected premium income in the year ahead and claims related to this premium income for future years; these expectations are partly based on assumptions regarding mortality, claims, lapse, work disability, costs and interest.
- Economic value of contingent liabilities.
- Projected fiscal results (after shock) and analysis of future results.
- The absorbing capacity of deferred taxes.

The final amount of the reported Solvency II figures is still subject to the assessment by De Nederlandsche Bank as part of the supervisory review process and as a result interpretations may change.

Banking and investment institutions

The Total Capital Ratio based on CRD/CRR, IFD/IFR increased from 19.8% in 2020 to 20.3% in 2021 due to a decrease in risk-weighted assets (due to a decrease in the mortgage portfolio) and a decrease in capital (due to the dividend payment).

CAPITAL RATIO CRD/CRR, IFD/IFR (€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Core capital - Tier 1	854	873
Supplementary capital - Tier 2	0	1
Qualifying capital	**854**	**874**
Risk-weighted assets	4,198	4,409
Core Equity Tier 1 ratio	20.3%	19.8%
Total Capitalratio	20.3%	19.8%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

C. THE RISK PROFILE

Financial	
Insurance risk	Achmea is exposed to life, non-life and health risks through its product range as an insurance company, as a consequence of differences between expectations and actual developments or improbable events.
Market risk	As a financial service provider, Achmea is exposed to market risk due to its investment portfolio, mortgage loans, minimum guarantees and profit sharing (life insurance and disability insurance), retail banking products (mortgage loans, deposits, savings accounts and current accounts) and other investments. This encompasses interest rate risk, equity risk, property risk, spread risk, currency risk and market concentration risk.
Counterparty risk	Achmea is exposed to counterparty risk in its investments, treasury, reinsurance activities, and in its dealings with healthcare providers, intermediaries and policyholders.
Liquidity risk	Achmea is exposed to liquidity risk at group level and within the entities mainly with regard to the insurance and banking activities.
Solvency risk	Achmea is exposed to the risk of being unable to comply with the regulator's solvency requirements.
Non-financial	
Operational risk	Achmea runs the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Key operational risks include risks with respect to information security and cybercrime, risks in outsourcing processes to external parties, risks related to the digitisation of our services, and liability risk for products and services.
Compliance risk	Achmea runs the risk of non-compliance with laws and regulations or failing to implement forthcoming laws and regulations on time, which may result in legal or administrative sanctions that in turn may result in substantial financial loss or reputational damage. Compliance risk is a distinct risk that is differentiated from other kinds of risk as a function in law and practice; as a risk class, it requires its own specific controls. Key compliance risks include the risks related to duty of care, product development, customer due diligence, privacy (compliance with the General Data Protection Regulation), integrity and fraud control, and competition.

In addition to this Achmea runs strategic risks. These concern specific risk events related to the feasibility of Achmea's strategy. These risk events are included in the overview of key risk themes in the next section.

Below is a description of Achmea's general risk profile, based on the capital required.

Quantitative risk profile

The Solvency Capital Requirement provides a quantification of the risk profile. For calculating the capital required Achmea uses as risk model a partial internal model, that has been approved by the College of Supervisors.

Scope partial internal model

The scope of the internal model at group level is:

- For non-life risk, the premium and reserve risk of the Greek and Dutch non-life activities. In this connection Achmea Reinsurance Company N.V. does not use an internal model for the premium and reserve risk of the non-life activities.
- For health risk (health Not Similar to Life Techniques, NSLT), the premium and reserve risk of the Greek and Dutch non-life activities.
- For non-life risk, the natural catastrophe risk of the Greek and Dutch non-life activities (excluding external incoming reinsurance contracts).
- The health risk (health Similar to Life Techniques, SLT) of the Dutch non-life activities.
- For market risk, the risks related to interest rate, equity, property and spread of the Dutch entities and Achmea B.V. (derived from the entities that use an internal model for market risk, market risk derived from the legal entity Achmea B.V. and market risk derived from the Dutch health entities).

The other risks and risk types are calculated using the standard formula. For aggregation Achmea uses a mixture of aggregation techniques for the internal model permitted under Solvency II and parts of the standard formula.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Results partial internal model

The table below gives an overview of Achmea's risk profile based on the capital required results under Solvency II as calculated using the partial internal model and parts of the standard formula. In 2021, no changes were made to the scope of the partial internal model.

SOLVENCY CAPITAL REQUIREMENT (€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Market risk	2,315	2,423
Counterparty Risk	202	250
Life Risk	1,849	1,977
Health Risk	1,800	1,746
Non-Life Risk	1,014	953
Diversification	−2,602	−2,639
Basic Solvency Capital Requirement	**4,578**	**4,710**
Loss absorbing capacity of Expected Profit (LAC EP)	−217	−188
Loss absorbing capacity of Deferred tax (LAC DT)	−682	−659
Operational Risk	596	607
Solvency Capital Requirement (Consolidated)	**4,275**	**4,470**
SCR Other Financial Sectors & Other entities	578	683
Solvency Capital Requirement	**4,853**	**5,153**

In accordance with the Solvency II regulations, the loss-absorbing capacity (LAC) has been taken into account when calculating the required capital. In case of losses, a portion of these can be partially compensated with the LAC EP and LAC DT.

A large part of the required capital results directly from the product range and consists of insurance risk, consisting of life risk, Non-Life risk and health risk. The required capital

A large part of the Solvency Capital Requirement results directly from the product range and consists of insurance risk, consisting of life risk, Non-Life risk and health risk. The Solvency Capital Requirement has decreased due to a combination of effects. The increased interest rate leads to a lower market value and duration of investments and liabilities, which reduces the interest rate risk. Furthermore, the higher interest rate also lowers life risk. An adjustment of the internal model for equity and real estate risk has reduced the market risk. De Nederlandsche Bank has approved the adjustment of the internal model. The growth in non-life insurance risk is due to portfolio growth leading to higher budgeted cost of claims and due to higher provisions for injuries in the non-life business. The increase in health risk is mainly due to higher premium risk in the health business due to an increase in the number of policyholders and higher premiums in 2022. The capital requirement for other financial sectors & other entities has decreased due to De Nederlandsche Bank reassessment of Achmea Bank's risks.

Material risks

A number of key risk themes are described below, with no specific ranking. These risk themes are characterised by their specific nature and can have a major impact if they were to materialise without any risk management measures having been taken. Achmea monitors these risk themes closely, as part of the periodic monitoring of the risk profile and the annual ORSA (Own Risk and Solvency Assessment) report. The overall risk management is adequate, meaning that risks are made transparent and that the risk management measures are so effective that the residual risks are reduced to an acceptable level.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Main risk themes	Explanation	Control measures
Future revenue model	It is important for Achmea to update its processes, products and services promptly and to adapt to new trends. New developments include sustainability and climate change, the possibility that other providers will launch new distribution, product and/or service models, and the possibility of a decrease in the insurance requirement for Property & Casualty insurance due to the fact that, as a result of technological developments, certain risks do not occur or occur less frequently. Specifically, the Covid-19 pandemic may lead to changes in society, customer needs, behavioural patterns and the economy, which (alongside opportunities) may also negatively affect Achmea's business and its commercial position..	The aforementioned developments are being closely followed. There are various group-wide initiatives in the areas of technology, customer service and service delivery, proposition development and innovations. The goal is to increase synergy and efficiency and to structurally increase Achmea's operating result.
Sustainability and climate change	Risks relating to sustainability and climate change can be distinguished into physical risks and transition risks in the insurance policies, in investments and in Achmea's business operations. These risks can have a negative impact on, among other things, the cost of claims and investment income. There is also a risk that the opportunities for new products and services for our customers are not being fully exploited compared to the competition.	The initiatives geared towards achieving our sustainability and climate change objectives have been brought together in one central programme, 'Achmea Sustainable Together', ensuring completeness and consistency in the measures to be taken. A central project organisation and expert group support the operating companies. Risk control measures include adjusting the product and service range, tightening premiums and conditions and reinsurance.
Distribution partners	Achmea uses various distribution partners for the sale of its products, with Intermediaries and Rabobank being the key strategic distribution partners. Achmea sees this collaboration as an important and integral part of its business model.	Mutual expectations are permanently aligned to successfully work together as parts of the common value chain. The development of products and services that match the desired sales of the distribution partners is actively pursued using modern channels with digital and personal interaction.
Laws and regulations	Achmea has to deal with many laws and regulations. There is a risk that Achmea's business operations, earnings model and more specifically the solvency requirements will be affected by politics and changing laws and (tax) regulations and / or by organizing solidarity in society differently. This risk affects all Achmea product lines. In addition, Achmea is exposed to reputational risk when it fails to comply with (forthcoming) laws and regulations.	However, since any changes in laws and regulations are closely monitored, this can be adequately anticipated. In 2021, particular attention was paid to current legislation and regulations on sustainability and climate (including external reporting), as well as the implementation of IFRS 9 and IFRS 17.
Longevity risk	Given the long-term nature of pension and life insurance contracts, Achmea is exposed to longevity risk. For example, breakthroughs in medical science and changing lifestyle habits could have a significant impact on the future pay-out pattern of the life and pension activities.	Longevity risk is managed through active product management to ensure diversification of the life insurance and pension portfolios.
Financial markets	As a financial services provider, Achmea has a large exposure to the financial markets because of its investment portfolio, products with minimum guarantees and profit-sharing provisions. Due to (geo) political instability, global economic developments and decisions by financial authorities, volatility can arise in the financial markets with consequences for the valuation of our investments and liabilities. A specific risk is that the investment return is structurally underperformed as a result of lower spreads and lower surplus returns, so that the Volatility Adjustment used in the valuation of the insurance liabilities on the economic balance sheet cannot be recouped. Specific attention is paid to the consequences of the energy transition on our investment portfolio.	This risk is controlled by the risk management measures as described in the section Market Risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Non-Life and Income portfolio volatility	Catastrophes due to (extreme) weather events, such as storms and hail, can have a major impact on the Non-Life portfolio. Climate change may cause changes in frequency, times of year and intensity. The risk of these types of natural hazards (known as 'catastrophe risk') occurring is largely mitigated by reinsurance. There is also a risk that benefits may vary from previous estimates; this is particularly the case with the bodily injury portfolio. Setbacks may manifest in the Income Protection portfolios due to differences in the estimated disability and rehabilitation probabilities, resulting in higher claims than provided for by the current reserves.	In the non-life portfolio, great deal of attention is paid to keeping the internal models for determining the relevant risks, such as catastrophes, up to date. In 2021 Achmea modified its internal model for flood risk, incorporating the latest insights on flood risk in the quantification of the risk. Achmea has close contact with the companies that develop the catastrophe models and with universities and the Royal Netherlands Meteorological Institute (KNMI). In this way Achmea is keeping close track of climate change and evaluating the impact. Risk management in the claims portfolio also takes place by means of such things as promoting preventive measures, acceptance guidelines and reinsurance. In the income portfolio, risks are monitored through claims monitoring with specific focus on claims management and developments in laws and regulations and case law.
Volatility Health results	Fluctuations in the profitability of the Achmea and Achmea Zorgverzekeringen N.V. as a result of major fluctuations during the year and also between years in the healthcare expenses estimate and risk adjustment. If the volatility in medical expenses causes premiums to diverge too much from those of competitors, this may have an impact on portfolio turnover.	This risk is managed by, among other things, the process of estimating the costs of care, the organisation of the business processes (including the settlement of claims) and periodic monitoring of developments in the portfolio.
Cybercrime	Cybercrime is an increasingly important social issue, including for Achmea. 'Cybercrime' refers to the risk of material damage arising from, for example, loss of data or unauthorised data processing, prolonged disruption of business operations, and hardware disruptions as a result of inadequate security measures. There is also the risk of Achmea developing a negative reputation as a result of incidents on social media and/or loss or theft of privacy-sensitive data.	A specific maturity model is used for cyber security to identify the level of security, which also involves the use of scenario analyses. An integrated security approach has been implemented for control purposes, with a strong focus on awareness and outsourcing. Achmea's reputation is monitored on an ongoing basis, and in addition Achmea has taken out its own cyber-risk insurance. Through information security and privacy protection measures, the key security and privacy risks are managed through a control framework.
Duty of care	This refers to the risk that Achmea is required to pay or compensate a larger amount of money due to potential liability claims and/or from pressure from the media, customers or regulators.	Achmea monitors customer feedback, social and legal trends with regard to the duty of care. Key areas of focus in terms of the duty of care are product development, periodic reviews, distribution forms, and advertising and website communications.

D RISK MANAGEMENT SYSTEM

The risk management of Achmea system sets out how the risks at Achmea level and for each main risk are managed.

For an adequate risk management system at Achmea, there needs to be understanding and clarity of the key principles for risk management in the organisation, with these principles being followed uniformly and completely. The Achmea risk strategy sets out the main principles:

- Principles pertaining to risk appetite such as maintaining a solid capital and liquidity position that is sufficient for Achmea to meet its obligations, now and in the future.
- Principles pertaining to the risk management structure and the chosen integrated approach for the management of risks. Achmea assesses the various risk types and the risks inherent in the various operating companies and supervised entities in conjunction with another.
- Principles pertaining to the culture such as the encouragement by the Achmea Executive Board and management of an open culture in which risks can be openly discussed and where decision making is based on an appropriate balance between risk, capital and expected return.

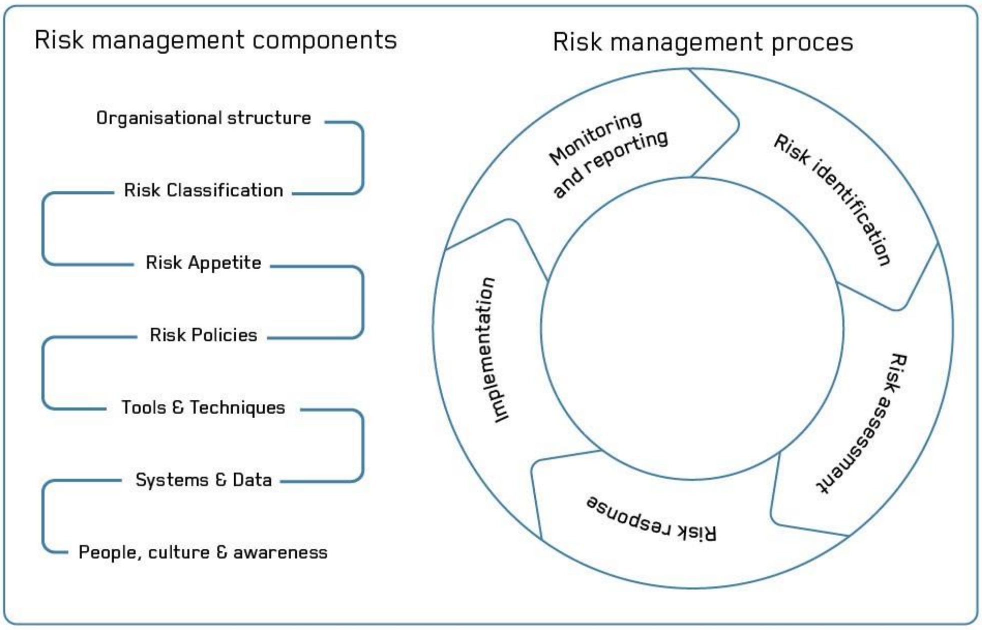
The Integrated Risk Management Framework (IRMF) describes the risk management system of Achmea and sets out in more detail the principles of the risk strategy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Integrated Risk Management Framework (IRMF)

The IRMF describes how the risks at Achmea are managed when striving to realise the business objectives. The IRMF ensures that risk information is generated and reported correctly and that it is used as the basis for decision-making and accountability at all relevant organisation levels. The IRMF also supports Achmea in managing its risks effectively by applying the risk management process at different levels and within specific contexts in the Achmea organisation.

RISK MANAGEMENT FRAMEWORK



The IRMF consists of seven risk management components that support the risk management process in the necessary steps to identify, assess, mitigate, monitor and report the risks of all risk categories on a permanent basis.

Three Lines model

Achmea's governance structure is based on the 'Three Lines model, the main features of which are set out in the diagram below.

FIRST LINE	SECOND LINE	THIRD LINE
IMPLEMENTATION AND MANAGEMENT - Executive Board and risk committees at Group level - Business management and decentralised risk committees within the business units	SUPPORT, MONITORING AND CONTROL - The Compliance, Risk Management and Actuarial departments safeguard the compliance, risk management and actuarial function under Solvency II at group level and for the Dutch supervised insurance entities. - International insurance entities have their own compliance, risk management and actuarial functions under Solvency II - Some entities have their own compliance and risk management department due to different legal requirements, specific knowledge or efficiency.	ASSESSMENT AND REVIEW - The Internal Audit staff department works at both group and business unit level.

Achmea's line organisation is primarily responsible for risk management. The Executive Board ensures a sound basis for the design and execution of the risk management system. The presence of a Chief Risk Officer on the Executive Board helps ensure a permanent focus on risk management in our business operations. The Executive Board renders account to the Supervisory Board and the general meeting of shareholders of Achmea. The first line is supported by the second line, which also monitors the execution by the first line and reports periodically on Achmea's risk profile. The third line complements these activities by carrying out periodic testing of the effectiveness of internal control, governance and risk management and reporting on this.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Risk committees

Achmea has risk committees both at group level and within the business units.

- The Audit & Risk Committee assists the Supervisory Board in its supervision of, amongst other things, financial, administrative organisational and compliance matters, as well as on the risk profile and the effectiveness of the risk management system.
- The Group Risk Committee (GRC) provides a framework and advises the Executive Board. It is a platform for Achmea policymakers and consists of members of the Executive Board, the management of some business units and the compliance, risk management and actuarial key function holders at group level for the management, monitoring and advising with regard to the Achmea risk management system, including the internal control and key risks.
- The GRC has instituted as subcommittees the Model Approval Committee (MAC), the Privacy Board and the Information Security Board. The MAC has a delegated responsibility for approving risk models.
- The Asset Liability Committee (ALCO) is an executive and advisory committee of the Executive Board. It is a platform for Achmea policymakers and consists of members of the Executive Board, the management of some business units and staff departments for the optimisation and monitoring of the composition of assets and liabilities of Achmea within the policy frameworks set by the GRC and the Executive Board.
- Aligned with the GRC at the group level, there are Risk Committees within the operating companies that discuss and manage risks, possibly complemented by specific committees such as the PARP Committees, the Underwriting Committee at Achmea Reinsurance Company N.V. and the Asset & Liability Committee and the Credit Committee at Achmea Bank N.V.

Solvency II key functions

The 'Three Lines' model has been set up for all supervised entities. The compliance function, the risk management function, the actuarial function and the internal audit function have been set up in line with the Solvency II requirements at group level and for the insurance entities under supervision.

- At group level the compliance, risk management and actuarial functions are fulfilled within the staff department Compliance, Risk Management and Actuarial. These functions report to the Chief Risk Officer of the Executive Board, also have a direct access to the business, the Executive Board, the Audit & Risk Committee and the Supervisory Board, as well as a formal escalation line to the Chairmen of the Executive Board, the Audit & Risk Committee and the Supervisory Board.
- The internal audit function at group level is fulfilled by the Internal Audit department. This function reports to the Chairmen of the Executive Board, has a formal information and escalation line to the Chairmen of the Audit & Risk Committee and the Supervisory Board, and has direct and unlimited access to business units.
- The compliance, risk management, actuarial and internal audit functions have also been set up for the supervise insurance entities. In the case of the Dutch insurance entities, these functions are performed by the relevant staff departments. Additionally, Achmea Reinsurance Company N.V. has its own risk management and compliance department. These functions report to the entities' boards of directors and have a formal information and escalation line to the Chairmen of the Audit & Risk Committee and the Supervisory Board as well as direct, unlimited access to all business units.

Model governance

The Model Management and Validation Policy sets out that the development, management and change of models (such as value and capital models) with respect to, amongst other things, risk measurement, financial and business management calculations is subject to strict model governance. This ensures that the models are managed properly. The risk picture of models is assessed and it is compulsory for the models with a high gross risk to be documented, implemented, tested and periodically validated by the independent model validation function of the staff department Risk Management and approved by the MAC. Part of the management is that model changes are implemented and approved in accordance with a controlled change procedure. This model governance is already operational for the partial internal model for Solvency II and is being implemented gradually for all other models within Achmea.

Besides the approval in the MAC the partial internal model Solvency II is also approved by the Executive Board, the boards of the entities that use the model, the Audit & Risk Committee and the Supervisory Board. After the internal governance is completed a newly developed models will be submitted for approval to the College of Supervisors. Following approval by the MAC, major model changes will be submitted to the College of Supervisors for approval and may only be put into use following approval.

Risk Appetite

Risk appetite reflects Achmea's attitude to taking risks and gives an indication of its willingness to accept a high or a low risk level. Risk appetite consists of a number of principles as part of the risk strategy with an elaboration in qualitative statements and corresponding Key Risk Indicators (KRIs) to monitor whether the risk profile is within the limits of the risk appetite.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

An overview is given below of the risk appetite principles as part of Achmea's risk strategy and their translation into KRIs.

Financial	**Principles**	KRI's
Returns, result and volatility of result	Achmea realises a sustainable result that ensures a continuous access to the capital market. Extreme fluctuations in the economic result are avoided.	– Fixed Charge Coverage Ratio
Capital	Achmea has a strong capital position.	– Solvency ratio Solvency II – Capital surplus S&P – Capital surplus Fitch – Economic solvency Achmea Pensioen en Levensverzekeringen N.V. – Debt ratio – Double leverage ratio
Liquidity	Achmea's current and future liquidity position is sufficient to meet its obligations.	– Available liquidity in a going concern situation – Liquidity capacity after a stress situation
Financial Risk Policy	Achmea knows as insurer its financial risks and pursues an adequate financial risk policy that aims to avoid undesired risk concentrations. Achmea utilises an important part of its risk capital for insurance risk.	– Market risk budget variance – Impact interest rate shock Solvency II – Impact of interest rate on economic equity of Achmea Pensioen en Levensverzekeringen N.V. – Counterparty limit breaches – Amount of Solvency Capital Requirement for insurance risks – Deviation from expected annual result due to catastrophic events

Non-Financial	**Principles**	KRI's
Product quality and services	Achmea offers a secure and transparent solution to clients that continuously meet the clients' needs, at a fair price.	– - Customer Centricity Score
Operational risk / internal control	Achmea knows as insurer and service provider its operational risks and has an adequate operational risk policy aimed at the prevention of material financial losses due to insufficient or failing internal processes or personnel and systems or external events.	– Internal Control Framework – Reputation score – Financial loss because of operational risks – Urgent issues and very urgent issues – Disruption of business-critical chains
Compliance	Achmea has an adequate compliance policy to comply with laws and regulations. Employees, clients, suppliers and other partners of Achmea operate with integrity.	– Violations and implementation of laws and regulations – Implementation of laws and regulations – Integrity violations
Corporate social responsibility	Achmea realises its corporate objectives in a socially responsible manner and aims at providing a demonstrable social added value through its insurance and investment activities. Achmea remains relevant on this topic by reacting adequately to social developments.	– MSCI ESG rating – Benchmark of the association of Investors of sustainable development. – Inquiries of the 'fair insurance pointer'

Risk appetite is explored here in terms of the perspectives of the financial and non-financial statements, with the principles of the financial statements giving substance to the financial perspective and the principles of the non-financial statements giving substance to the other perspectives of Achmea's strategy map. Risk appetite also covers all the main risks in Achmea's risk classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Risk management process

The risk management process is applied both at individual level per risk and at aggregated risk level to identify, assess, mitigate, monitor and report the risks. This section provides more information on the risk assessments performed during the year and on the process of monitoring and reporting. The risk response is described in more detail below and the main risks are detailed.

During the year various risk assessments are performed:

- Risk Self Assessments focus on areas such as strategy, projects and operational risks. This includes, amongst others, a qualitative risk assessment with, the boards of the operating companies and the Executive Board, in which the key risks are identified and assessed.
- Achmea uses risk models to make a quantitative estimate of the risk profile, including the Solvency II partial internal model. These risk models are among those used in the planning & control cycle, product development and pricing, determining the reinsurance programme, preparing the investment plan and balance-sheet management.
- Finally, scenarios and stress tests provide insight into what happens under extreme circumstances or when several factors occur simultaneously. These scenario and stress tests are used as part of the periodic monitoring of the risk profile. Annually, they are used to analyse the key risks in greater depth.

The Strategic Risk Analysis is carried out annually at group level and for the business units, with a qualitative assessment by management of the most important risks. The insights from this Strategic Risk Analysis are used to manage the specifically identified most important risks, to recalibrate the stress and scenario set for the ORSA and Achmea's Preparatory Crisis Plan and can lead to the evaluation of the strategy. In addition, a detailed insight into the integral risk profile of Achmea, supervised organizations and business units is obtained by consolidating the output of all risk management processes, instruments and techniques within Achmea at strategic, tactical and operational level and assessing it in conjunction in the Integral Risk analysis.
Periodically, aggregate-level reports are drafted for the Executive Board, the Audit & Risk Committee and the Supervisory Board. For the main risk types, line management periodically verifies that the risk is still within the risk limits set which are derived on the basis of the risk appetite. Management also monitors the control of the main risks. Finally, an Internal Control Framework is used to systematically monitor key risk controls throughout the organisation. Cross-references are included in the framework to the information security assessment framework and Solvency II, among other things.

In addition to the periodic monitoring of our risk profile, the group-wide risk and solvency assessment ORSA is prepared annually for the insurance activities. For the banking activities an ICAAP (Internal Capital Adequacy Assessment Process)/ILAAP (Internal Liquidity Adequacy Assessment Process) report is prepared. These reports provide insight into, and an assessment of the development of the risk profile, solvency and liquidity during the planning period, both under regular and under stressed circumstances. These reports are provided annually to the College of Supervisors and local regulators for the non-Dutch entities. The extent to which the existing and future capital and liquidity position are considered to be adequate under normal and under extreme circumstances is laid down in the ORSA report. The appropriateness of the partial internal model is also assessed in the ORSA.

Achmea’s Preparatory Crisis Plan contains information on the degree to which Achmea as Group is prepared for, and can recover from, severe (financial) developments.

E. INSURANCE RISK

From the perspective of an insurer insurance risk is the risk of loss, or of adverse change in the value of liabilities related to insurance contracts, resulting from inadequate pricing and provisioning assumptions and encompasses life risk, non-life risk and health risk.

The Insurance Risk Policy describes how insurance risks are managed, our ‘risk response’. A key ingredient is the Product Life Cycle (PLC) approach, which consists of the following phases: business planning - product development - underwriting - reinsurance - policy management - claim process - determination of assumptions - reserving - product review - reporting and analysis.

The different phases of the product life cycle approach contribute to the management of the insurance risk. These phases are explained in more detail below and in the sections on life, non-life and health risks.

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Product development and product review

For the introduction of new insurance products and the periodical review of existing insurance products, Achmea has formulated a Product Approval and Review Policy. Achmea wants to offer clients secure and transparent solutions meeting their needs, with a fair pricing policy. Products may not be marketed or distributed without careful consideration of the risks and careful assessment of other relevant aspects, including the duty of care towards clients. Existing products are also reviewed periodically and dynamically – with a view to societal developments – and any necessary changes are made to ensure that these are still in the interest of the client. In addition the periodical review focuses on the strategic interest of a product, the business case of a portfolio, premium structure, profitability and standard return ratio of the product.

Reinsurance

Achmea has a Reinsurance Policy in which all responsibilities with regard to the reinsurance process are laid down. Achmea Reinsurance Company N.V. (hereinafter Achmea Reinsurance) is the reinsurance company of the group and fulfils three roles: advisor, risk carrier and purchaser. Achmea Reinsurance provides reinsurance cover for the Achmea entities. To that end it enters into reinsurance contracts with the Achmea entities, including the non-Dutch entities. Through retrocession the contracts are partially placed with external reinsurers. In addition to the group reinsurance programme Achmea Reinsurance has entered into a reinsurance contract with a financial character and, both for life and non-life, has concluded a number of incoming reinsurance contracts with strategic partners, Eurapco partners and other external insurers and reinsurers.

The Underwriting Committee of Achmea Reinsurance decides on the retention within the framework of the reinsurance policy, Achmea's risk appetite and the risk appetite of Achmea Reinsurance. After approval by the Executive Board the reinsurance programme is placed in the market. In 2021, further integration of the reinsurance programmes of the foreign entities took place. With a limited number of exceptions, the reinsurance programmes of the foreign entities are now integrated in Achmea Group's reinsurance programme 2021. This is achieving cost benefits and improving the quality of the reinsurance programme.

The reinsurance programme mainly consists of catastrophe excess-of-loss contracts and per risk excess-of-loss contracts. Individual risks that exceed the treaty limit of the 'per risk' programmes are covered on a facultative basis. The reinsurance programme consists of several layers to place the programme as efficiently as possible. In 2020 the catastrophe programme was the main reinsurance programme. The renewal of this programme takes place on 1 July each year and Achmea includes the intention to extend the programme in its modelling. In order to protect the result for IFRS purposes, Achmea Reinsurance purchased aggregate excess-of-loss cover. Furthermore Achmea uses insurance-linked securities (catastrophe bonds) on a limited scale.

Reserving

In the reserving process the liabilities related to insurance contracts are determined for the current insurance contracts. The methodology used for this may vary according to the regime: IFRS accounting, including IFRS Liability Adequacy Testing, Solvency II, local accounting and local solvency (for the entities not covered by the Solvency II regime). The liabilities related to insurance contracts are determined at least four times a year. At least twice a year they are also tested for adequacy, and more often if deemed necessary or required by law.

Life Risk

Life risk is the risk of loss, or of adverse change in the value of Liabilities related to insurance contracts, resulting from:
- The changes in the level, trend or volatility of the underlying risk drivers (mortality rates, expenses, lapse rates);
- The significant uncertainty of pricing and provisioning assumptions related to extreme or irregular events.

Risk profile

In the Netherlands and in Slovakia (Union), Achmea offers Term Life Insurance (ORV) and Individual Pension Annuities/Annuities (DIP/DIL). Achmea stopped selling pension insurance in the Netherlands and Slovakia; the Centraal Beheer General Pension Fund (CB APF) offers alternatives for this in the Netherlands. In Greece, Achmea (Interamerican) offers unit-linked life insurance and term life insurance.

The Life portfolio consists of life insurance with and without profit participation and unit-linked insurance:
- Life insurances with profit participation are traditional life products with profit participations, like saving products and group contracts.
- Traditional life insurances without profit participation mainly include term insurances, both stand-alone and linked to mortgages.
- For unit-linked insurance the policyholders bear the investment risks.

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The Solvency Capital Requirement under Solvency II provides a quantification of Life risk.

LIFE RISK

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Mortality	169	185
Longevity	1,414	1,537
Disability	6	14
Lapse	208	287
Expense	717	681
Catastrophe	125	129
Diversification	−790	−856
Solvency Capital Requirement Life risk	**1,849**	**1,977**

The Solvency Capital Requirement for life risk decreased from €1,977 million to €1.849 million in 2021. The Solvency Capital Requirement (SCR) was calculated here using the standard Solvency II formula. The higher interest rate leads to a lower provision and thus to a decrease in the Solvency Capital Requirement. This effect is reinforced by the shrinking life portfolio in the Netherlands and partly offset by the effect of changes in assumptions, including cost assumptions and cost inflation.

Risk response

The PARP policy ensures an adequate pricing, accurately reflecting the risks. For managing the risks at individual level tariffs are differentiated by risk category (for example smoking / non-smoking) and medical examinations are required for life insurance acceptance.

At portfolio level reinsurance is used and an 'en bloc' clause can be used which allows the premium to be increased in extreme cases. With this instrument, the consequences of adverse mortality and increased expenses can be mitigated.

The decision to no longer offer group pension contracts has resulted in a substantial decrease in new longevity risk. Longevity risk for individual annuities is adequately priced. The expense risk is managed by keeping the expenses in line with the decrease of the portfolio.

Reinsurance is used in Life risk to limit mortality and catastrophe risk. This concerns Achmea Pensioen- en Levensverzekeringen N.V. and Interamerican Greece. Achmea Reinsurance has a quota-share agreement with Achmea Pensioen- en Levensverzekeringen N.V., part of which is placed externally. In addition, Achmea Pensioen- en Levensverzekeringen N.V. has reinsured a portfolio of immediate annuities at Canada Life. The risk of a pandemic is not reinsured by Achmea, but a periodic review is undertaken to assess whether reinsurance would be beneficial. In the recent period Achmea has found that the excess mortality due to Covid-19 among the insured population has remained limited.

The mortality tables used in the Netherlands take into account a future increase in life expectancy and are adjusted to the specific character and composition of Achmea's insurance portfolio. In the other countries in which Achmea sells life insurance, the standard mortality tables are adjusted in various ways, such as on the basis of age, to guarantee the adequacy of the provision The impact of Covid-19 on life expectancy is still difficult to predict due to the limited availability of data and future developments concerning this virus.

Non-life Risk

Non-life risk is the risk of loss or of adverse change in the value of Insurance liabilities resulting from differences between current developments and non-economic assumptions or the occurrence of improbable events. It encompasses premium and reserve risk, lapse risk and catastrophe risk.

Risk profile

The Netherlands is the main market where Achmea is exposed to non-life risk with a comprehensive range of non-life insurance products. Greece (Interamerican), Turkey (Eureko Sigorta), Slovakia (Union), Australia, Canada and Germany are the Non-life markets outside the Netherlands where Achmea operates. In Greece, Turkey and Slovakia a comprehensive range of non-life insurance products are offered. In Australia products for the agricultural sector are offered. In Canada via the digital channel online car and home insurance is offered via a joint venture (Onlia), and the Non-life risk has been placed outside Achmea. In Germany, Achmea (InShared) has recently started offering property & casualty insurance. In addition, Achmea offers insurance to the greenhouse horticulture sector abroad (Hagelunie).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The risks covered by Achmea are within the typical lines of business, such as motor (hull and liability), transport / aviation, fire and natural events, general liability and legal assistance.

The Solvency Capital Requirement under Solvency II provides a quantification of Non-life risk.

NON-LIFE RISK (€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Lapse	144	139
Premium and reserve	744	644
Catastrophe	513	546
Diversification	–387	–376
Solvency Capital Requirement Non-life risk	**1,014**	**953**

The capital required for Non-life risk increased in 2021 from €953 million to €1.014 million. The Solvency Capital Requirement is calculated using an approved partial internal model. The increase is mainly due to the expected portfolio growth leading to higher budgeted cost of claims and higher provisions for personal injury.

Within Non-life, catastrophe risk is a large risk. Mainly the property and motor hull insurance lines are exposed to catastrophe risk. The predominant risk sources are wind damage and hail risk in the Netherlands and earthquake risk in our entities in Greece (Interamerican) and Turkey (Eureko Sigorta). Motor hull in the Netherlands includes the risk of flood. For Non-life concentration risk refers to major claims resulting from the above-mentioned natural disasters and large fires. As a result of climate change, the probability of hail is expected to increase. Achmea has close contact with the companies developing the catastrophe models,-with universities and the Royal Netherlands Meteorological Institute (KNMI). In this way Achmea is keeping close track of climate change and evaluating its impact.

Risk response

Acceptance guidelines ensure a good assessment of the risk, acceptance (under possible conditions) and premium setting. In the Netherlands Achmea does not underwrite heavy industrial risks such as airports or power plants. In Turkey, these types of risks are underwritten from a strategic viewpoint. These risks are either 100% fronted via reinsurers or accepted with a very minimal retention.

The reinsurance programme includes the following covers:

- Non-life catastrophe programme: This is an excess-of-loss programme for the cumulated (mainly natural) catastrophe claims of the fire/technical insurance portfolios (residential, commercial, agro farmers) greenhouse (horticulture) and motor vehicles (hull – casco). These portfolios are pooled in an external programme with different retentions. For the Dutch entities Achmea Reinsurance provides three individual excess-of-loss programmes with also different retentions.
- For the non-Dutch entities Achmea Reinsurance carries the risk in reinsurance programmes for earthquake risk in Greece, Turkey and Slovakia and flood risk in Turkey and Slovakia. Eureko Sigorta has reinsured its largest catastrophe risk, earthquake risk, partly through the Turkish Catastrophe Insurance Pool and proportional treaties. Achmea Reinsurance also applies (annual) aggregate excess-of-loss cover to protect the financial result and the capital position.
- Property: this is an excess-of-loss programme for the individual claims (mainly fire claims) of the relevant portfolios. Achmea Reinsurance maintains a retention on this programme.
- General Liability and Motor Third Party Liability: this is a reinsurance programme for general and motor liability risks and large personal injury claims.

Developments related to climate change are being monitored. Climate change is taken into account in setting premiums and in reinsurance. Premiums and reinsurance programmes can be modified each year. Over the long term we encourage policyholders, in cooperation with municipalities, to take preventive measures. These include the green roofs offered by Interpolis and Blue Label, which offers municipalities insight into streets or neighbourhoods with a high risk of flooding.

In lines of business such as general liability and motor liability (mainly bodily injury) with long settlements, the claims reserve is exposed to the risk of inflation. This risk is managed as part of market risk, periodically it is evaluated if this risk should be covered.

Health Risk

Health risk is present in medical expenses (short-term, health Not Similar to Life Techniques (health NSLT)), disability insurance (long-term, health Similar to Life Techniques (health SLT)) and sickness and accident insurance (short-term, health Not Similar to Life Techniques (health NSLT)).

Health risk is the risk of loss or of adverse change in the value of Insurance liabilities resulting from:
- changes in the level, trend, or volatility of the medical expenses incurred in servicing insurance contracts (health NSLT);
- changes in the level, trend or volatility of the underlying risk drivers (longevity, incidence, lapse, expense, recovery and revision percentages) for disability insurance (health SLT);
- fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements (health NLST);
- significant uncertainty and provisioning assumptions related to outbreaks of major epidemics, as well as the unusual accumulation of risks under such extreme circumstances (health CAT).

Risk profile

The risks of the sickness and accident insurance are comparable to non-life risk and are managed accordingly, see the section on non-life risk. Below is more detailed information on medical expenses and disability insurance.

The Netherlands is the main market where Achmea offers health insurance. The health insurance system consists of two components: a basic health and a supplementary health insurance.
- For the basic health insurance, Achmea offers a direct settlement policy (‘natura’), a refund policy (‘restitutie’) and a selective policy. The basic health insurance covers the standard health care, is mandatory for anyone who lives or works in the Netherlands and must be purchased from a Dutch-based health insurer. All insurers have a duty to accept all applicants. Premiums for the basic health insurance are partly influenced by political decision-making. The Dutch government determines the extent of coverage under the basic health insurance package and the conditions applicable to the basic health insurance package, including admission and the maximum discount for group contracts (in 2021 5% of the gross written premium).
- In addition, the government determines the payments health insurers receive from the Healthcare Insurance Equalization Fund. The compensation paid through the Healthcare Insurance Equalisation Fund is financed by employers, employees and the Dutch government Payments by this fund depend on the risk profile and the portfolio of the health insurance company. Payments related to the statutory emergency scheme (section 33 of the Dutch Health Insurance Act (‘Zorgverzekeringswet’)) are also funded by the health insurance fund.
- Supplementary health insurance offers policyholders an opportunity to expand the cover provided by the basic health insurance. This insurance is optional and is comparable in nature and method to non-life insurance. The cover provided by these insurances is not tied to government stipulations and there is no obligation of acceptance and no risk equalisation system. Achmea offers a variety of dedicated supplementary health insurance packages. Premiums for supplementary health insurance are tailored to the cover offered.

In the process of estimating insurance liabilities and income from the health insurance health insurance fund uncertainties are present, due to the timeliness of the processing of invoices from healthcare providers and the restrictions of ex-ante budgeting. The amount of the Covid-19 income from the catastrophe, which is paid from the Health Insurance Equalisation Fund. Covid-19 developments. The first provisional payment by the Health Insurance Equalisation Fund is expected at the end of the first quarter of 2022.

The uncertainties for a health insurer are specifically in basic health care and mainly arise from political decisions and growing competition. This is because a large part of the activities of the Achmea health insurers are governed by the Dutch Health Insurance Act [‘Zorgverzekeringswet’]. The core of this act is a private-law health insurance system of regulated competition. The market and government are closely intertwined and efficiency and innovation are partly realised through market forces between parties such as healthcare providers and health insurers. There is also uncertainty related to settlements with Zorginstituut Nederland (ZIN) per occurrence year, and the clearing of over and underfunding. The uncertainty of the health-related expenses arises from the dependence on the timely receipt and processing of invoices by health insurers, the settlement of claims and the availability of reliable historical data.

Disability products cover the risk of a reduction in income resulting from inability to work due to disability (long-term, Health SLT). In the Netherlands, Achmea offers disability products based on local regulatory requirements. In the Dutch regulations there is a distinction between employers (including self-employed) and employees. For employers and the self-employed there is no public insurance and a full private insurance is available. For employees there is a public insurance, the Work and Income according to labour ability (Wet werk en inkomen naar arbeidsvermogen WIA) which consists of two covers: the income provision in case of full and permanent disability (Inkomensvoorziening volledig en duurzaam arbeidsongeschikten, IVA) and the return to work provision in case of partial or non-permanent disability (Werkhervatting gedeeltelijk arbeidsgeschikten, WGA).

There are two types of private insurance: supplements to the public insurance and (re)insurance of the WGA, since a company can choose to bear the WGA risk itself and exit the public insurance. Main uncertainties in the WGA insurance cover are the inflow and duration of the disability.

Disability insurance risks are changes in legislation, the level of absenteeism due to illness, the frequency and the extent to which people are disabled, the rate of recoveries from disability, and the level of interest and inflation rates.

The capital Requirement under Solvency II provides a quantification of Health risk.

HEALTH RISK (€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Health risk SLT	201	210
Health risk NSLT	1,674	1,617
Health catastrophe	61	50
Diversification	−136	−131
Solvency Capital Requirement Health risk	**1,800**	**1,746**

The Solvency Capital Requirement for the health risk increased in 2021 from €1,746 million to €1,800 million. The capital required for the income protection Insurance-related risks (health SLT) has been calculated using an approved partial internal model. For the other health risks it has been calculated using the Solvency II standard formula. The increase in the risk is mainly due to higher premium risk in the health business due to an increase in the number of policyholders and higher premiums in 2022.

Risk response

Achmea has taken a number of measures to mitigate the uncertainties on the health costs. The insurance liabilities for outstanding claims and receivables from Zorginstituut Nederland are based on best estimates of expected amounts and a provision is formed for uncertainties. Claim estimates are generated periodically in order to gain insight into relevant developments and the adequacy of insurance liabilities. In addition to these measures, there is more information available on a national level about the macro claims, which is also used to assess the estimates. Furthermore Achmea reduced the upward potential of, in particular, specialised medical care, mental healthcare and district nursing by agreeing ceiling arrangements and fixed-sum contracts with healthcare providers.

Within disability, after the initial claims report a customer follows a reintegration program that assesses whether interventions by external service providers may be valuable. This can be, among other things, a workplace adjustment or waiting list mediation. In the vast majority of the agreements with maturities longer than one year the premium can be adjusted according to a clause in the policy conditions. The possibility of high claims per single risk for disability is mitigated by limiting the insured income and, in some cases, the use of reinsurance. A reinsurance contract has been agreed for the WGA product; Achmea Schadeverzekeringen N.V. has concluded a quota share agreement with Achmea Reinsurance for this purpose, fully underwritten by the reinsurance market. In addition to the quota share agreement Achmea Reinsurance offers stop-loss cover, which is also fully underwritten by the reinsurance market. Finally, additional cover is also provided for high salaries by the WIA supplementary cover product. This reduces the financial consequences and volatility of the work-related disability risk in relation to this portfolio.

F MARKET RISK

Market risk is the risk of loss or adverse change in the financial situation resulting, directly or indirectly, from fluctuations in market prices of assets, liabilities and financial instruments. It encompasses interest rate risk, equity risk, property risk, spread risk, currency risk and market concentration risk. Inflation in connection with non-life entities risk is included in interest rate risk.

Risk profile

As a financial service provider, Achmea is exposed to market risk due to its investment portfolio, insurance products and retail banking products (mortgages, deposits, savings accounts and current accounts). For the composition of the investment portfolio please refer to Note 4 Investment property and Note 5 Investments.

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MARKET RISK

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2019
Interest rate	1,192	1,401
Equity	1,361	1,254
Property	486	406
Spread	1,124	1,305
Currency	128	124
Concentration	0	0
Diversification	−1,976	−2,067
Solvency Capital Requirement Market risk	**2,315**	**2,423**

The Solvency Capital Requirement for market risk decreased in 2021 from €2,423 billion to €2,315 billion. The Solvency Capital Requirement is calculated using an approved partial internal model. The higher interest rate in 2021 leads to lower market values, reducing the interest rate and spread risk. In 2021, the internal model for market risk has been adjusted for the equity and property risk. The adjustment has an impact of +5%-points on solvency. This has improved the views of the risk profile. The modified Market Risk model has been used as of the third quarter of 2021.

In accordance with the Dutch National Bank's Q&A on savings values, in 2021 the savings mortgages without additional collateral are included in the spread risk. In 2020, this was included under the credit risk.

The Solvency II solvency position is sensitive to market fluctuations. The table below sets out the sensitivities in relation to the solvency position at year end.

SOLVENCY II SENSITIVITIES

(€ MILLION)

	31 DECEMBER 2021			31 DECEMBER 2020		
	IMPACT ELIGABLE OWN FUNDS	IMPACT SOLVENCY CAPITAL REQUIREMENT	IMPACT RATIO (%)	IMPACT ELIGABLE OWN FUNDS	IMPACT SOLVENCY CAPITAL REQUIREMENT	IMPACT RATIO (%)
Equity -20%	-669	−99	−10%	-567	-83	−8%
Interest -50 basis points	274	125	0%	350	151	1%
Interest +50, basis points	-333	−100	−3%	-447	-135	−3%
Property -20%	-337	−7	−7%	-308	1	−6%
Spread -50 basis points	332	37	5%	475	65	7%
Spread +50 basis points	-88	−35	0%	-246	-70	−2%

In the determination of interest rate sensitivities (-/+ 50 bps), the Ultimate Forward Rate (UFR) is kept the same and is not shocked. In the case of spread sensitivity, the Volatility Adjustment is determined on the basis of the modified spreads. The outcomes are related to changes in the composition of the balance sheet and cash flows. Achmea applies some simplifications, for example, the sensitivities are determined on the basis of size, composition and sensitivity of the portfolios. In addition, the impact on the sensitive assets, liabilities and Solvency Capital Requirement is determined without redetermining the risk margin. The sensitivities have been calculated using the approved partial internal model for market risk. The existing hedging strategy has been taken into account as explained below under the risk response.

The sensitivity shares -20% is determined by a 20% reduction in the market value of the shares. In 2021, this leads to a 10%-point decrease in solvency (2020: -8 percentage points). The impact in 2021 is higher than in 2020 due to higher stock prices and an increase in the equity portfolio. The spread sensitivity -/+ 50 bps is determined by a shock of -/+ 50 bps on all spread-sensitive investments. In 2021, the -50 bps shock leads to a 5 percentage point increase in solvency (2020: 7 percentage points). The +50 bps shock has no impact on solvency in 2021 (2020: -2 percentage points). The spread sensitivity in 2021 is lower than in 2020 due to lower market values as a result of increased interest rates.

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Risk response

The Market Risk Policy describes the elements of the market risk management process:

- The primary purpose of the hedge on the interest rate risk is to stabilise the Solvency II ratio. For Achmea Pensioen- en Levensverzekeringen N.V. the interest-rate sensitivity is also managed from an economic perspective in accordance with the policy (long term).
- The limit on the market risk is annually set within the limits of the risk appetite, as a fixed amount for Achmea Group and the Dutch and foreign subsidiaries.
- In the investment plan of the Dutch entities an optimal return portfolio (the strategic investment mix) is determined that fits the set market risk budget and provides the highest return given additional restrictions on, for example, liquidity and maximum size per asset class. The market risk is monitored periodically, focusing on deviations from the strategic mix, and managing the interest rate exposure.

Interest rate risk

Interest rate risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to changes in the term structure of interest rates (both nominal and real) or in the volatility of interest rates.

Insurance activities

Both the result result and Solvency II solvency ratio are influenced by the impact of the interest rate curve used to value the liabilities related to insurance contracts within the life insurance business. The curve and UFR prescribed and published by EIOPA are used when valuing the liabilities. Using the UFR means that in the case of interest rate changes the value of the long-term liabilities (best estimate and risk margin) does not change equally with the value of the assets. As a result, the Solvency II ratio is sensitive to interest movements.

The Market Risk Policy describes how this interest rate risk is managed:

- Achmea's interest rate policy is to mitigate the interest rate risk of investments and liabilities using different interest scenarios. For this assessment, interest rate shocks are applied to the replicating portfolios and the related actual investment portfolios. Achmea Group maintains a limit for the interest rate sensitivity of the Solvency II solvency ratio at parallel interest rate shocks of 50 basis points. The interest rate sensitivity of the net position is assessed on a monthly basis for the entities under supervision. Achmea Pensioen- en Levensverzekeringen N.V. uses a limit for the interest rate sensitivity of the Solvency II solvency ratio at parallel interest rate shocks of 50 basis points and a limit for the sensitivity of the volatility of interest rates. For the purpose of ensuring that the solvency ratio remains stable over the longer term, the interest rate sensitivity limits of the Solvency II solvency ratio of Achmea Group and Achmea Pensioen- en Levensverzekeringen N.V. are wider when the Solvency II solvency ratio is at a higher level. Additionally, the longer-term effects of parallel interest rate movements and changes in the shape of the interest rate curve are monitored for Achmea Pensioen- en Levensverzekeringen N.V.
- Achmea's foreign subsidiaries apply a duration matching approach within bandwidths laid down in the local investment plans and monitored locally via committees.

The interest rate risk is hedged by means of a monthly interest management process that makes use of interest rate derivatives (swaps and swaptions). The value of the interest rate derivative position is €4,898 million (2020: €6,161 million) with a notional amount of €45.8 billion (2020: €42.5 billion).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Banking activities

The focus of the banking activities of Achmea is on retail banking products (mortgages, deposits and savings). The majority of these products or services generate interest rate risk. This risk is managed through the Interest Rate Risk Policy, which mitigates the risk by using derivatives.

SENSITIVITIES BANKING ACTIVITIES

(€ MILLION)

	2021 ACHMEA BANK	2020 ACHMEA BANK
Duration Equity (in years)	2.6	2.2
Stress test -200 basis points	-19	-1
Stress test +200 basis points	-72	-44
Income at Risk +100 basis points	14	14

The impact of a +200 bps on the economic value of equity is -€72 million as at 31 December 2021 (2020 -€44 million). By applying a new model, which is more sensitive to interest rate changes, the impact on the economic value of equity increases. In case of higher market interest rates, mortgages are assumed to remain longer on the balance sheet. This is less favourable if mortgages have a low coupon rate. The impact of -200 bps on the economic value of equity is -€19 million as at 31 December 2021 (2020 -€1 million). Higher interest rates lead to a higher interest rate shock and higher (negative) economic value of equity impact.

Equity risk

Equity risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of market prices of equities.

For the Dutch insurance entities the purpose of investing in equities is to cover the average long-term risk premium. Equities offer a higher return potential than fixed-income securities and offer diversification potential. Equities are spread across several asset classes to capitalise on diversification benefits. Derivatives are not used to mitigate equity risk. Achmea does not apply specific limits for equity risk, but limits are applied at market risk level.

Achmea's non-Dutch subsidiaries follow a specific investment plan based on Group guidelines and local laws and regulations. As described in the general section on the Market Risk Policy the general principle with regard to market risk is that this risk should be limited for foreign subsidiaries.

Property risk

Property risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of market prices of real estate. An overview of the property investment portfolio is given in Note 4 Investment property.

Property is part of the investment mix, taking into account expected return, volatility and correlation with bonds and equities. Diversification within the property portfolio consists of diversification between and within the different regions and sub-asset classes.

Spread risk

Spread risk is the risk of loss resulting from the sensitivity to changes in the level or volatility of credits spreads in interest rates. The credit risk on mortgages is also taken into account in calculating the Solvency Capital Requirement under Solvency II.

Achmea runs spread risk in its fixed-income investments. For the composition of the fixed-income investments for the different rating classes please refer to Note 30 Credit quality financial assets and Disclosures concerning IFRS 9. When drawing up the economic balance sheet Achmea also applies the Volatility Adjustment to many of its insurance entities to value the insurance liabilities. Changes in the spreads lead to changes in the Volatility Adjustment and consequently in the value of the insurance liabilities.

Spread risk is managed and monitored as part of the Counterparty Risk Policy and the Market Risk Policy (please refer to section C for a more detailed description of the framework). Achmea mitigates the spread risk through a conservative investment strategy that balances the exposure types (corporates, financials, covered bonds, government related bonds, mortgages and asset backed securities), the credit rating, the maturity profile and the regional allocation. Based on the approved internal model for market risk the composition of the investment portfolio is optimized, taking account of the dynamics of the Volatility Adjustment.

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There is a low spread risk between assets linked to liabilities from savings deposits, for which the interest income is based on the interest paid by the policyholder on his savings mortgage and the corresponding claims against Rabobank.

Currency risk

Currency risk is the risk resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of currency exchange rates.

Achmea is exposed to currency risk, specifically in US dollars, as part of the regular investment portfolio (equities, fixed-income investments and listed real estate) and non-Dutch incoming reinsurance contracts denominated in foreign currency. Another significant exposure is the Turkish lira, through subsidiary Eureko Sigorta and associate Garanti Emeklilik Ve Hayat AS. The Turkish Lira continued to depreciate against the euro in the first months of 2022. The fall in value does not lead to Turkey being classified as a hyperinflation country.

The exchange rate risk table below shows the total exposure to the major currencies at year end.

EXCHANGE RATE RISK (€ MILLION)

	2021 TOTAL EXPOSURE	2021 NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	2021 NET EXPOSURE	2020 TOTAL EXPOSURE	2020 NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	2020 NET EXPOSURE
Net position						
US dollar	1,382	1,294	88	1,056	1,011	45
Pound sterling	342	370	−28	189	209	−20
Japanese yen	179	177	2	147	145	2
Swiss franc	650	628	22	611	599	12
Turkish lira	22		22	38	−8	46
Australian Dollar	66	70	−4	54	56	−2
Canadian dollar	34	34		25	25	
Other	222	37	185	251	88	163
Total	**2,897**	**2,610**	**287**	**2,371**	**2,125**	**246**

The exposure in the investment portfolio is generally hedged with foreign exchange contracts, with the exception of exposure on commodities exposure and emerging markets investments (both fixed assets and equities) in line with the investment policy.

Achmea Reinsurance Company N.V. hedges the currency risk of the expected profit from the reinsurance and retrocession contracts on an economic basis.

The net investment in, or the income streams from, non-euro subsidiaries of Achmea are not hedged, because the operations of these subsidiaries are regarded as part of Achmea’s long-term strategy. However, dividends declared are hedged.

Market concentration risk-

Market concentration risk is the risk of loss resulting from the lack of diversification in investments and liabilities for market risk or due to an increased sensitivity to bankruptcy of an individual counterparty or group of affiliated counterparties.

The balance of Achmea does not comprise any material market concentration risks.

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G. COUNTERPARTY DEFAULT RISK

Counterparty default risk is the risk of loss resulting from unexpected default, or deterioration in the credit standing, of the counterparties and debtors of Achmea.

Risk profile

Achmea is exposed to counterparty risk related to derivatives, bank balances, retail loans, reinsurance, securities lending, receivables of healthcare providers, intermediaries, and policyholders. The credit risk on mortgages and countries is taken into account under spread risk in calculating the Solvency Capital Requirement under Solvency II.

An overview of the financial investments categorised by credit rating, an overview of the assets and liabilities subject to offsetting and similar agreements and an overview of financial assets that are past due or impaired, are included in Note 30 Credit quality financial assets and Disclosures concerning IFRS 9.

The Solvency Capital Requirement under Solvency II provides a quantification of counterparty default risk. In 2021 the Solvency Capital Requirement decreased from €250 million at year-end 2020 to €202 million at year-end 2021. The decrease is mainly caused by De Nederlandsche Bank Q&A on savings values. In 2021, the savings mortgages that do not have an assignment or participation structure are part of the spread risk (see section F 'Market risk'). In 2020, this was included under the counterparty default risk. Higher interest rates have reduced the risk of the derivatives portfolio.

Risk response

The counterparty risk group level governance framework is set out in the Counterparty Risk Policy, which describes amongst others the process for initiating transactions with new counterparties, the limits and distribution per counterparty within Achmea departments and entities and the limit revision and exposure control process. The main 'prevention' objective in managing counterparty risk at group level is to prevent undesired concentrations, and ensure that portfolios are well diversified. Additionally, important measures in managing counterparty risk are arranged, for example to ensure proper recovery processes to withstand credit events. For healthcare providers the aim is to keep negative net positions as low as possible to limit the counterparty risk.

The limits per rating in the Counterparty Risk Policy are given in the following table:

MAXIMUM EXPOSURE ON GROUPLEVEL

	(€ MILLION)
AAA	700
AA+, AA, AA-	500
A+, A, A-	400
BBB+	250
BBB	200
BBB-	125
<=BB+ and no rating	Determined on a case-by-case basis

The Counterparty Default Risk Policy also enables deviating limits for specific exposures such as for certain governments and banks and offers the possibility to apply for exemption in specific situations.

Achmea uses ratings from S&P, Moody's, Fitch and DBRS, and in addition AMBest (only for reinsurers). If multiple ratings are available for the same financial instrument, the second best rating is used (second best rating methodology). See Note 30 Credit quality financial assets and Disclosures concerning IFRS 9. Creditworthiness is assessed on a case by case basis for counterparties with a low rating or no rating to determine the maximum exposure appropriate to the risk profile.

The counterparty default risk policy also contains limit deviations for specific exposures and makes it possible to apply for exemptions in specific situations. A specific deviation applies regarding exposure limits at group level to exposure to Rabobank Group. This exposure consists mainly of funds linked to capital policies, for which the interest yield is based on the interest paid by the policyholder on his savings mortgage (Note 5 Investments). Additional securities have been agreed with Rabobank Group to mitigate this risk. DNB is expected to issue a Question & Answer (Q&A) document on the Solvency II treatment of savings deposits in September 2021. Previous draft versions of the Q&A and discussions between the Association and DNB indicate that the look-through approach is applied, whereby savings deposits are classified as mortgages and fall under the Solvency Capital Requirement for counterparty default risk 'type 2'. Achmea believes that the look-through approach is justified because, in the event of

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Rabobank's bankruptcy, the mortgages would be received as collateral. In Q3 2021, De Nederlandsche Bank issued a Q&A document on the Solvency II treatment of these savings deposits. The impact of this Q&A is limited; there is only counterparty default risk on the part of the portfolio for which no collateral has been arranged. This has led to a very limited negative impact on the Solvency II ratio.

Derivatives

Derivative transactions are only initiated with counterparties that meet Achmea's rating requirements and collateral requirements. ISDA master agreements (International Swaps and Derivative Association) are in place between Achmea entities and its derivative counterparties. The counterparty default risk policy defines collateral requirements that must be specified in the individually negotiated Credit Support Annexes (CSA). Only 'prime collateral' is accepted, comprised of government bonds issued by highly rated countries and cash collateral in Euros, US dollars, British pounds and Swiss francs. Independent valuation of derivatives, daily settlement of collateral and improved valuation adjustments related to remaining maturity of the collateral received, further reduces the counterparty default risk. In addition, Central Clearing is used for a portion of the derivatives portfolio. Central Clearing is used when entering into new derivatives transactions and the majority of the derivatives portfolio now runs through a Central Counterparty (CCP). Achmea uses two CCPs and has set a limit for both to limit the maximum exposure. The CCPs accept only cash collateral and the collateral is settled daily. In addition, clearing members must contribute to the CCP's reserves to manage counterparty default risk under stress scenarios.). Achmea uses two CCPs and has set a limit for both to limit the maximum exposure. The CCPs accept only cash collateral and the collateral is settled daily. In addition, clearing members must contribute to the CCP's reserves to manage counterparty default risk under stress scenarios.

Reinsurers

Reinsurers are part of the counterparty risk governance framework, which provides guidelines for entering into transactions with new counterparties, limits and allocations per counterparty. At Achmea Reinsurance the Underwriting Committee decides on the composition of the panel of reinsurers. Counterparty risk is monitored quarterly by the Risk Committee of Achmea Reinsurance.

Policyholders

The counterparty risk of receivables relating to policyholders is managed by premium collection measures. In the event that the policyholder is in arrears in the payment of premiums for their (basic) health insurance for more than six months, there is a national regulation in place through Zorginstituut Nederland (ZIN). This regulation ensures that after six months all unpaid premiums will be compensated. The risk for Achmea is therefore limited to at most six months of unpaid premiums per insured person. For other insurances such as non-life, the cover can be suspended or terminated in the event of default.

Healthcare providers

Counterparty default risk with regard to healthcare providers is limited by monitoring the total amount of work in progress less advance payments. If the advance payment is higher than the work in progress, there is a negative net position. During 2021 negative net positions have developed because the advance payment still to be invoiced has increased due to the absence of price lists. This is because, due to the Covid-19 pandemic, the price lists in 2021 have been agreed upon later than usual. At the end of 2021, the claims have largely been set off against the advance payments, as a result of which the negative net positions have again been reduced.

Retail loans

Achmea's retail loans are mainly comprised of loans with real estate as collateral (mortgages) and/or with a security deposit as collateral. The counterparty default risk is the risk of payment arrears and impairment resulting from deterioration in the credit standing of the counterparty.

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H LIQUIDITY RISK

Liquidity risk is the risk of loss resulting from the inability to efficiently meet both expected and unexpected current and future cash flows and collateral needs without negatively affecting either daily operations or the financial position of a supervised entity.

Risk profile

Achmea runs liquidity risk at group level and with regard to its insurance and banking activities.

The liquidity position of the group at holding company level is affected by the outflow of financing charges, external dividend and other holding company expenses, and the inflow of dividend from subsidiaries as set in the upstream policy. In addition non-regular transactions have an impact, such as the refinancing of external funding, internal capital injections or M&A transactions.

From the perspective of the insurance activities the liquidity risk is in particular related to stress scenarios such as catastrophes in the form of extreme storms and hail in the case of non-life insurance or large-scale surrender in the case of the life activities. Maturity analyses of the insurance liabilities are presented in Note 6, Liabilities related to insurance contracts. In addition, the liquidity risk is related to collateral requirements arising from derivative positions mainly held in order to hedge the interest rate risk.

With respect to the banking operations there is a liquidity and refinancing risk due to the difference in maturity of the assets and the liabilities, particularly between the mortgage loans and the short-term savings among others. The table below sets out the maturities of the banking activities in 2021 and 2020. The table below sets out the contractual maturities of the banking operations in 2021 and 2029.

LIQUIDITY RISK EXPOSURE BANKING

(€ MILLION)

2021	LESS THAN 3 MONTHS	BETWEEN 3 AND 12 MONTHS	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Assets					
Investments	559	956	4,023	6,459	11,997
Cash and cash equivalents	799				799
Other assets	58				58
Total assets	**1,416**	**956**	**4,023**	**6,459**	**12,854**
Liabilities					
Financial liabilities	4,848	1,375	3,331	1,337	10,891
Derivatives	2	6	119	213	340
Total liabilities	**4,850**	**1,381**	**3,450**	**1,550**	**11,231**
Net liquidity gap	**−3,434**	**−425**	**573**	**4,909**	**1,623**

LIQUIDITY RISK EXPOSURE BANKING

(€ MILLION)

2020	LESS THAN 3 MONTHS	BETWEEN 3 AND 12 MONTHS	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Assets					
Investments	1,800	1,217	5,388	4,402	12,807
Cash and cash equivalents	979				979
Other assets	50		1		51
Total assets	**2,829**	**1,217**	**5,389**	**4,402**	**13,837**
Liabilities					
Financial liabilities	5,321	1,146	3,814	1,447	11,728
Derivatives		7	144	306	457
Total liabilities	**5,321**	**1,153**	**3,958**	**1,753**	**12,185**
Net liquidity gap	**−2,492**	**64**	**1,431**	**2,649**	**1,652**

Risk response

The Liquidity Risk Policy describes how liquidity risk is managed. Achmea has defined metrics for each of its supervised entities as well as the holding company. The metrics provide insight in Achmea's liquidity position and liquidity risk exposure for various time horizons under normal conditions as well as for a range of stress scenarios.

In line with the business plan, liquidity planning takes place at both Achmea B.V. and entity level. In addition the liquidity contingency plan describes the procedures and measures to arrange liquidity in times of stress. This plan describes possible actions and sources of funds taking into account the behaviour of other counterparties. Each year a Liquidity Risk Assessment (LRA) is presenting the fullest and most up-to-date picture possible of the liquidity risks of the entities and of the group. An assessment is also given of the quality of risk response. The recommendations of the LRA serve as input for changes to policy, risk appetite or regular monitoring and reporting.

The liquidity position of the Achmea B.V. company is managed based on a monthly analysis of the three-year forecast and the availability of credit facilities. All projected cash flows are included and the impact of a number of relevant scenarios or expected transactions is calculated.

The liquidity risk of the insurance activities is managed by the entities. In its liquidity planning, cash inflows and outflows from insurance activities are taken into account for the liquidity risk of the insurance activities. Furthermore, a number of stress scenarios are set up and regularly updated by each insurer. These stress scenarios consider subjects such as a catastrophe in the case of non-life insurance, large-scale lapse in the case of life insurance and also the possible impact of changes in collateral requirements. The entities report on this matter each quarter. Liquidity risk within Achmea's insurance operations is mitigated through the availability of cash and a high level of investments in liquid assets.

For the banking activities, Achmea manages its liquidity risk as part of its internal liquidity adequacy assessment process (ILAAP) at different levels:

- In the short term (overnight to one month), the bank's cash position is managed on a daily basis.
- In the medium term, Achmea measures the net funding requirement (NFR) against different scenarios to control its liquidity risk. The NFR measures the amount of funding needed to fulfil requirements, including any refinancing requirement in the capital market and net increase in assets in the retail business (particularly mortgages).
- For the long term, the bank strives for a well-diversified funding base both in terms of maturity and funding sources. Furthermore, the bank has liquidity contingency plans in place.

Important metrics for the banking entity are the liquidity coverage ratio (LCR), and the net stable financing ratio (Net Stable Funding Ratio, NSFR). The liquidity coverage ratio (LCR) is defined as the stock of high quality liquid assets divided by the net cash outflow over a 30-day period. The NSFR is, defined as the available amount of stable funding divided by the required amount of stable funding.

I . OPERATIONAL RISK

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. This may result in financial loss, but also in reputational damage. Reputational risk is not considered a separate risk category, but a form of damage that may ensue from the risks Achmea is exposed to.

Risk profile

The main operational risks include risks with respect to information security and cybercrime, risk related to the digitisation of our services and liability risk on products and services. The cybercrime risks are high, as a result of malware and ransomware attacks by cybercriminals using changing techniques. Risks surrounding the security of websites and privacy sensitive information also remain high, due to the digitisation of our services encompassing changes in our websites and IT environment. The risk of irresponsible behaviour with handling big data is increasing in a world where data become increasingly important. The reputation of insurers as part of the financial sector is still under pressure. Everything an insurer does is judged from a social perspective.

The Solvency Capital Requirement under Solvency II is a quantitative indicator of the level of the operational risk. The Solvency Capital Requirement for operational risk decreased from €607 million at year-end 2020 to €596 million at year-end 2021.

Risk response

The Operational Risk Policy describes how operational risk is managed. Additional policies and procedures apply to specific risk events, such as information security, business continuity and outsourcing:

- Information security: all activities towards the realisation of a continuously optimal level of availability, integrity and confidentiality of information and information systems to ensure business continuity, protect customers' interest, prevent financial loss and reputational damage and comply with laws and regulations. The Internal Control Framework includes control measures focusing on cyber security, IT architecture, data centre facilities, IT operations, logical access security and change management.
- Business Continuity Management (BCM): this concerns identifying threats and their potential impact, determining the minimum service level required for customers and other stakeholders, and implementing and testing measures to prevent major disruptions of business-critical chains and to mitigate the impact of the disruptions to an acceptable level. The Internal Control Framework includes control measures focusing on the prevention of system downtime and the backup and recovery of data and systems.
- Outsourcing: outsourcing processes must be managed carefully, based on a risk/return evaluation and written documentation of reciprocal obligations. The Internal Control Framework includes control measures focusing on contracting, compliance with Service Level Agreements and registration of outsourcing.

Annually risk analyses are performed to identify the operational risks within Achmea and appropriate control measures. Also during the year risk analyses are conducted at various levels and on various topics, e.g. in the form van scenario analyses. A scenario analysis regarding cybercrime led for instance to a cyber risk insurance being taken out. The risk analyses also take into account innovations that have an impact on operations and control, such as the use of algorithms in processes.

For identified risks and control measures an Internal Control Framework is used, which is based on the COSO model and common market standards and uses key risks and key controls. Annually, after the risk analyses are performed, the key risks and key controls of the framework are updated. Subsequently the framework is used to systematically monitor the effectiveness of control measures throughout the organisation. Cross-references are included in the framework to information security of DNB and Solvency II. In addition an organisation-wide systematic issue and incident management process has been set up.

J. COMPLIANCE RISK

Compliance risk is the risk of diminishing reputation or current of future treats to the capital or result of an organisation as a result of a failure to comply with laws and regulations, and insufficient adherence to values, norms and (supervisory) rules. Failing to comply may result in legal or regulatory sanctions, material financial loss, or reputational damage.

Risk profile

Key compliance risks include the risks belonging to Duty of care, Product development, Customer due diligence (CDD), Privacy (compliance with the General Data Protection Regulation), Integrity and fraud, and Competition. In making considerations it is important that the main focus is on customers' interests, with attention being given to providing clear and timely product information to customers and to opportunities for improving the suitability of the sold product and the distribution process. A substantial number of incidents relates to privacy issues. This can be explained on the one hand by digitisation and on the other hand by society's increased focus on privacy issues.

Risk response

The compliance policy describes how compliance risk is managed. Additional policies and regulations are available specific compliance areas such as CDD , privacy, competition, whistle blower regulations and insider regulations. Compliance is closely involved in monitoring compliance with the Money Laundering and Terrorist Financing (Prevention) Act (Wwft), the Sanctions Act 1977, privacy dilemmas and compliance with the General Data Protection Regulation (GDPR), including big data initiatives and ethical issues associated with artificial intelligence. The integrity risk as part of compliance risk is set out in the Achmea Code of Conduct and the Integrity & Fraud Policy. In that code of conduct the core values, core qualities and rules of conduct of Achmea are recorded. These general rules of conduct are applicable to all Achmea employees. The Integrity & Fraud Policy contains the principles on which substance is given to the integrity risks in operational management, such as: anti-corruption, gifts, side-line activities, contracting third parties and the execution of the Systematic Integrity Risk Analysis. The effectiveness of fraud control measures is assessed on a quarterly basis using the Internal Control Framework.

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Annually risk analyses are performed to identify the compliance risks within Achmea. The key risk analyses performed by Compliance are the Gross Net Risk Analysis (GNRA), which forms the basis for the annual plan, and the annual Systematic Integrity Risk Analysis (SIRA). Also during the year risk analyses are conducted at various levels and on various topics. With regard to compliance with laws, regulations and internal rules of conduct, the most important legal provisions are translated into risks. For the internal control of the identified risks and control measures an Internal Control Framework and issue and incident management process are used in accordance with the operational risk management.

Achmea's Laws & Regulation Committee identifies new legislation and forthcoming amendments and determines the impact on the organisation. Implementation is the responsibility of operational management. In case of profound impact on Achmea, the committee will advise the Executive Board to start a comprehensive implementation project. Achmea monitors the implementation of laws and regulations through a specific module in the Internal Control Framework.

Supervisory investigations have a major impact on the business. These investigations arise not only from local regulations but also from international legislation such as EU legislation on the duty of care, outsourcing, CDD and sustainability. Much effort is required to assist the regulators in their investigations and this is coordinated by the Supervisory Committee.

Privacy, CDD and duty of care were the main focus areas for the compliance function in 2021. Short-cycle monitoring is used to monitor compliance with laws and regulations. Where appropriate, proactive coordination is sought with supervisory authorities. Any compliance issues identified by this monitoring are addressed by the responsible management, to be handled within the established frameworks for the defined compliance and integrity risk appetite. For Privacy and CDD, Achmea has established additional governance in 2021 in the form of a Task Force with members from the Executive Board and chairs of divisional directors. In these Task Forces, the approach to cross-divisional issues or issues with IT dependencies is coordinated to achieve additional progress.

Non- compliance

Achmea uses short-cycle monitoring to ensure compliance with laws and regulations, and instances of non-compliance may occur. The monitoring revealed areas of concern in the areas of CDD, Privacy, Cyber security and Outsourcing. For the division Achmea Pensioen- en Levensverzekeringen N.V., an on-site investigation was carried out by Dutch National Bank into compliance with the Act on the Prevention of Money Laundering and Terrorist Financing. The Dutch National Bank's preliminary findings from this investigation have been received and findings are being followed up on. No enforcement is being carried out. De Wet normering topinkomens (WNT) in the public and semi-public sector sets certain requirements for the size of the remuneration of top officials in these sectors. A marginal discrepancy was noted for some board members of the Zilveren Kruis division. This will be corrected and improvement measures implemented. All Risk Management and Compliance reports and the points for attention and corrective actions of the first line were shared with the supervisors.

K. CAPITAL MANAGEMENT

The objective of capital management is to ensure that the Achmea Group and all its entities are always adequately funded to secure the interests of all stakeholders in the short and long term.

Capital position

Section B explains the solvency ratio under Solvency II and the composition of the eligible equity under Solvency II (eligible own funds. This section provides more information on the capital instruments used, the development of the liquidity position of the holding company and the credit ratings awarded by rating agencies.

CAPITAL INSTRUMENTS (€ MILLION)

INTEREST RATE	NOTIONAL	YEAR OF ISSUE	DUE DATE	FIRST CALL DATE	OWN FUNDS TIER	SOLVENCY II VALUE 31 DECEMBER 2021	SOLVENCY II VALUE 31 DECEMBER 2020
4.625%	500	2019	Perpetual	24-03-2029	Restricted Tier 1	510	531
2.5%	250	2019	24-09-2039	24-06-2029	Tier 2	246	262
6.0%	500	2013	04-04-2043	04-04-2023	Tier 2[1]	535	545
4.25%	750	2015	Perpetual	04-02-2025	Tier 2	797	892
5.5%	311[2]	2004	Perpetual[3]		Restricted Tier 1[1]	311	311

1 *Grandfathering.*
2 *Preference shares.*
3 *Coupon reset date 01-01-2024.*

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The 'grandfathering' instruments may no longer be included in the eligible own funds as of 1 January 2026. With the coming into effect of Solvency II on 1 January 2016 it was set out in legislation that capital instruments qualifying for Solvency I but not for Solvency II were allowed to be included in the Solvency II eligible own funds for a period of 10 years.

Both Achmea Bank N.V. and Achmea B.V. provide access to the capital and money markets. The holding company is responsible for financing the insurance entities. This might take on the form of capital allocations.

Rating agencies use their own methodologies to assess the creditworthiness of a company. The ratings assigned by rating agencies to the Achmea entities are set out below.

RATINGS

ENTITY	TYPE	S&P	FITCH	MOODY'S
Holding				
Achmea B.V.	ICR/IDR	BBB+	A	
Insurance entities				
Achmea Schadeverzekeringen N.V.	FSR/IFS	A	A+	
Achmea Zorgverzekeringen N.V.	FSR/IFS	A	A+	
Achmea Pensioen- en Levensverzekeringen N.V.	FSR/IFS	A	A+	
Achmea Reinsurance Company N.V.	FSR	A-		
ENTITY	TYPE	S&P	FITCH	MOODY'S
Achmea Bank N.V.	Long-term	A-	A	
	Short-term	A-2	F1	
	Conditional Pass-Through Covered Bond Programm		AAA	Aaa
	Soft Bullet Covered Bond Programma	AAA		

Besides the legal framework of IFRS, Solvency II, Capital Requirements Directive IV (CRD IV) and Capital Requirements Regulation (CRR), Achmea also monitors the capital surplus (according to S&P and Fitch), the debt leverage ratio[1], the fixed-charge coverage ratio[2] and the double leverage ratio[3]. The debt leverage ratio developed in 2021 to 23.9% (2020: 24.0%) as a result of increased equity. The fixed charge coverage ratio came to 6.0 (2020: 5.9) as a result of increased operational result. At 103.3%, the double leverage ratio at the end of 2021 increased slightly compared to 2019 (102.4%) due to an increase in the assets of the operating companies compared to those of Achmea B.V.

Capital policy

In the Capital Policy the risk appetite is worked out in greater detail, based on internal capital standards as well as limits related to leverage and return.

- The principle premise of the capital policy is that all entities must be adequately funded, which involves having a buffer at entity level that is above the statutory minimum that is sufficient to be able to absorb setbacks.
- In addition, a buffer is held on group level to absorb any capital shortfall at the entities.
- The capital policy also includes an overview of the measures to be taken if internal limits are exceeded, including various options to change the risk profile.

The capital position of the Achmea Group and its entities is managed by monitoring the current capital position and projecting and analysing the future capital position including calculating the effects of scenarios and stress tests, and distributing capital within the Achmea Group.

[1] The debt leverage ratio is calculated as follows: Non-banking debts minus preferred shares as a percentage of the sum of equity attributable to holders of equity instruments in the company and non-banking debts minus Other equity instruments, preferred shares and goodwill.
[2] The fixed charge coverage ratio is calculated as follows: the ratio of interest and similar expenses related to non-banking activities and the operational result adjusted for interest and similar expenses related to non-banking activities, coupon payments on Other equity instruments and dividend on preference shares, transaction results and depreciation costs. The calculation is adjusted for amortisation of intangible assets.
[3] The double leverage ratio is calculated as follows: the ratio between (a) the sum of the equity of subsidiaries, including related goodwill and other intangible fixed assets and (b) the total equity of the group (share capital, hybrid capital, subordinated debt and preference shares).

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Achmea's funding strategy is based on assuring access to international capital and credit markets at low cost, underpinned by credit ratings. Access to the capital and money markets is arranged both at Achmea Bank and holding level:
- Funding at holding level could come from dividends from subsidiaries, issuance of debt and credit lines with a number of national and international banks. At group level Achmea also maintains committed and uncommitted credit facilities with several mainly international banks. The committed credit facilities of €1 billion were undrawn at year-end 2021.
- For the insurance activities the holding is involved in the financing of operational activities of certain subsidiaries by increasing capital.
- Achmea's banking activities main funding sources are securitisations, covered bonds, unsecured funding and retail funding (deposits and savings accounts). Achmea strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities.

Dividend and coupon payments

In preparing the financial statements the Executive Board proposes an appropriation of the Net result. In line with the dividend policy it is proposed to distribute a dividend of 45% of the Net result, excluding the Net Result of the Dutch health insurance entities, after deduction of coupon payments on hybrid capital designated as Other equity instruments, subject to the condition that the dividend distribution is not contrary to the prudential financial policy of the Group.

In compliance with the dividend policy, the Executive Board tests whether the solvency at the end of the financial year – based on the partial internal model – exceeds 130% and is expected to remain above 130% in the next 12 months. Additionally, an assessment is being made of whether the solvency remains above the target ratio of 165%. The solvability development at the legal entities is also tested. The proposal is based on the Group's long-term financial outlook, taking into account the interests of the Achmea stakeholders. This includes, among other things, legal reserve restrictions, capital and liquidity development over the planning period, the outcome of scenario and stress tests and various ratios from a rating agency perspective, such as the S&P and Fitch capital position, the debt leverage ratio and the fixed-charge coverage ratio.

The resolution to distribute dividends is passed by the General Meeting of Achmea B.V. The General Meeting is authorised to resolve on a different dividend distribution than the distribution proposed in the financial statements. Distributions may only be made to shareholders and other persons entitled to distributable profits to the extent that equity exceeds the reserves to be maintained pursuant to the law.

The resolution of the General Meeting to distribute dividends must be approved by the Executive Board. The Executive Board will only withhold its approval if it is aware that, or should reasonable be able to anticipate that, Achmea B.V., upon payment, will not be able to continue paying its due and debts.

Coupon payments on Other equity instruments are subject to the limitations described in the prospectus. The prospectus is available on the Achmea website (https://www.achmea.nl/investors/schuldpapier). These coupon payments are part of the Group liquidity forecast prepared in line with the liquidity policy (for more information refer to the liquidity risk section).

Achmea B.V. has several options to generate cash, to be able to pay dividends and the above-mentioned coupons. Examples include credit facilities, dividends paid by group companies with sufficient financial scope, disposal of assets and attracting additional funding. The group companies' financial scope for dividend payments is determined based on similar criteria as mentioned above. Depending on the activities of the group company different percentages and ratios apply.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING

Achmea's activities are divided into segments that are regularly reviewed by the Executive Board in order to allocate resources to the segment and to assess its performance. Achmea is divided into the following segments:

Non-life Netherlands

Consists of non-life insurance business in the Netherlands to cover customers' risks related mainly to motor vehicles, property, general liability, occupational health and accident, including disability and short-term sickness.

Health Netherlands

Covers basic and supplementary health insurance and health services in the Netherlands.

Pension & Life Netherlands

Covers pension and life business in the Netherlands, including unit-linked insurance (investment insurance).

Retirement Services Netherlands

Covers asset management and pension management activities in the Netherlands. Furthermore, this segment includes the activities of Achmea Bank focused on providing residential mortgage loans, saving accounts and investment funds in the Netherlands to individuals.

International activities

Contains activities outside the Netherlands. Segment International activities operates actively in the countries Australia, Greece, Slovakia and Turkey. Furthermore Achmea has started up an online insurance company in Canada, together with a partner. The international activities consist primarily of insurance activities. Insurance activities relate to the provision of Non-life, Health and Life insurance policies, including the provision of investment contracts containing no or insignificant insurance risk. Furthermore, associates are included within this segment.

Other activities

Includes Achmea Reinsurance and a wide range of other services that individually do not meet the quantitative requirements for separate reporting. Furthermore, investments not related to the abovementioned segments, Shared Service Centres and staff departments, net of their recharges to the above segments, are included in this segment.

The segments formulate strategic, commercial and financial policies within the overall strategy, performance targets and risk appetite set by the Executive Board. All segment revenues reported, with the exception of internal reinsurance contracts, relate to external customers.

The operational result is calculated by adjusting the result before tax within income and expenses which are significant and which arise from events or transactions which are clearly distinct from the normal business operations, and are therefore not expected to occur regularly. Examples of such items include exceptional depreciation losses from goodwill and pre-tax results from divestment of business activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICES NETHERLANDS	INTER-NATIONAL ACTIVITIES	OTHER ACTIVITIES	INTER-SEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	641			11	71	25		748
Associates and joint ventures	6				28	7		41
Property for own use and equipment	78	3			50	342		473
Investment property		2	988		5	33		1,028
Investments								
Investments own risk	7,484	4,568	37,732	62	1,070	1,184	−1,205	50,895
Investments for account and risk of policyholders			15,252		156		−103	15,305
Banking credit portfolio				11,932				11,932
Deferred tax assets			670		23		−133	560
Amounts ceded to reinsurers	421		73		294	231	−282	737
Receivables and accruals	1,398	4,133	275	122	297	194	−208	6,211
Cash and cash equivalents	99	183	102	897	251	54	−17	1,569
Assets classified as 'Held for sale'					7			7
Total assets	**10,127**	**8,889**	**55,092**	**13,024**	**2,252**	**2,070**	**−1,948**	**89,506**
Equity								
Equity attributable to holders of equity instruments of the company	1,943	3,548	4,514	893	456	−730		10,624
Non-controlling interest	7		1			1		9
Total equity	**1,950**	**3,548**	**4,515**	**893**	**456**	**−729**		**10,633**
Liabilities								
Liabilities related to insurance contracts								
Insurance liabilities own risk	7,347	4,219	29,507		1,207	481	−1,222	41,539
Insurance liabilities where policyholders bear investment risks			14,608		21			14,629
Other provisions	24	1	2	3	57	−18	938	1,007
Financial liabilities	642	1,118	5,360	11,787	492	2,215	−1,531	20,083
Derivatives	11	3	1,072	339		2		1,427
Deferred tax liabilities	143			2		20	−133	32
Income tax payable	10		28		19	99		156
Total liabilities	**8,177**	**5,341**	**50,577**	**12,131**	**1,796**	**2,799**	**−1,948**	**78,873**
Total equity and liabilities	**10,127**	**8,889**	**55,092**	**13,024**	**2,252**	**2,070**	**−1,948**	**89,506**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICES NETHERLANDS	INTER-NATIONAL ACTIVITIES	OTHER ACTIVITIES	INTER-SEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	636			15	51	33		735
Associates and joint ventures	5				38	12		55
Property for own use and equipment	79	4			57	411		551
Investment property		2	931		4	36		973
Investments								
Investments own risk	7,154	3,850	41,257	82	1,045	1,140	−864	53,664
Investments for account and risk of policyholders			15,186		169		−105	15,250
Banking credit portfolio				12,725				12,725
Deferred tax assets			731		36		−141	626
Amounts ceded to reinsurers	349		95		280	176	−215	685
Receivables and accruals	1,358	4,178	277	126	261	207	−200	6,207
Cash and cash equivalents	96	348	360	1,046	271	77	−14	2,184
Total assets	**9,677**	**8,382**	**58,837**	**13,994**	**2,212**	**2,092**	**−1,539**	**93,655**
Equity								
Equity attributable to holders of equity instruments of the company	1,974	3,503	4,288	925	461	−599		10,552
Non-controlling interest	6		1					7
Total equity	**1,980**	**3,503**	**4,289**	**925**	**461**	**−599**		**10,559**
Liabilities								
Liabilities related to insurance contracts								
Insurance liabilities	7,019	3,664	32,653		1,173	389	−1,269	43,629
Insurance liabilities where policyholders bear investment risks			14,745		27			14,772
Other provisions	25	4	2	5	59	−37	1,055	1,113
Financial liabilities	471	1,210	4,748	12,601	450	2,268	−1,184	20,564
Derivatives	8	1	2,384	457		20		2,870
Deferred tax liabilities	140			1		31	−141	31
Income tax payable	34		16	5	42	20		117
Total liabilities	**7,697**	**4,879**	**54,548**	**13,069**	**1,751**	**2,691**	**−1,539**	**83,096**
Total equity and liabilities	**9,677**	**8,382**	**58,837**	**13,994**	**2,212**	**2,092**	**−1,539**	**93,655**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT PER SEGMENT 2021

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICE NETHERLANDS	INTER-NATIONAL ACTIVITIES	OTHER ACTIVITIES	INTER-SEGMENT ELIMINATIONS	TOTAL
Gross written premiums	3,766	14,025	859		1,260	312	−196	20,026
Outgoing reinsurance premiums	−216	−1	−18		−171	−168	193	−381
Change in provision for unearned premiums and current risks (net of reinsurance)	−17	−256			−21	−4	3	−295
Net earned premiums	**3,533**	**13,768**	**841**		**1,068**	**140**		**19,350**
Results from associates and joint ventures					−4	−15		−19
Investment income	115	51	890	308	50	30	2	1,446
Share of re-insurers	27	123	3	253	51	39	−38	458
Total income (excluding non-operational items)	**3,675**	**13,942**	**1,734**	**561**	**1,165**	**194**	**−36**	**21,235**
Gross expenses from insurance contracts	2,600	13,461	1,197		980	154	−83	18,309
Aandeel herverzekeraars	−103		−5		−147	−67	81	−241
Net expenses from insurance contracts	**2,497**	**13,461**	**1,192**		**833**	**87**	**−2**	**18,068**
Fair value changes and benefits credited to investment contracts					9			9
Interest and similar expenses	4	2	6	165	1	58	−34	202
Operating expenses related to insurance activities	874	353	144		240	52		1,663
Operating expenses for non-insurance activities	35	116		372	8	105		636
Other expenses	1			6	27	38		72
Total expenses (excluding non-operational items)	**3,411**	**13,932**	**1,342**	**543**	**1,118**	**340**	**−36**	**20,650**
Operational result	**264**	**10**	**392**	**18**	**47**	**−146**		**585**
Transaction results (mergers and acquisitions)								
Result before tax	**264**	**10**	**392**	**18**	**47**	**−146**		**585**
Income tax expenses	68	−1	97	5	7	−40		136
Income tax impact rate change	2		−29		6	2		−19
Total income tax expenses	**70**	**−1**	**68**	**5**	**13**	**−38**		**117**
Net result	**194**	**11**	**324**	**13**	**34**	**−108**		**468**
Expense ratio[1]	24.6%	2.6%			22.3%			
Claims ratio[1&2]	69.3%	97.8%			77.5%			
Combined ratio[1&2]	93.9%	100.4%			99.8%			
Amortisation charges	2	1		5	21	56		85
(Reversal of) impairment losses	4	3	5			1		13

1 The ratios of the segment International activities include both Non-life and Health insurance.
2 The ratios of the segment Non-life are adjusted by correcting Movements in insurance liabilities where policyholders bear investment risks (included in Net expenses from insurance contracts) by €41 million for the unwinding of discount of the provisions for income products. This unwinding of discount took place based on the rate as applied to set the premiums of these contracts (so-called contract rate).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT PER SEGMENT 2020

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICE NETHERLANDS	INTER-NATIONAL ACTIVITIES	OTHER ACTIVITIES	INTER-SEGMENT ELIMINATIONS	TOTAL
Gross written premiums	3,668	14,284	1,005		1,104	289	−175	20,175
Outgoing reinsurance premiums	−204	−1	−21		−143	−155	175	−349
Change in provision for unearned premiums and current risks (net of reinsurance)	−38	−119			−23	−10		−190
Net earned premiums	**3,426**	**14,164**	**984**		**938**	**124**		**19,636**
Results from associates and joint ventures						5		5
Investment income	118	44	3,011	327	28	−19	−2	3,507
Other income	30	114	5	237	35	25	−36	410
Total income (excluding non-operational items)	**3,574**	**14,322**	**4,000**	**564**	**1,001**	**135**	**−38**	**23,558**
Gross expenses from insurance contracts	2,512	13,557	3,598		810	111	-86	20,502
Share of re-insurers	-119		-4		-113	-64	84	-216
Net expenses from insurance contracts	**2,393**	**13,557**	**3,594**		**697**	**47**	**−2**	**20,286**
Fair value changes and benefits credited to investment contracts					1			1
Interest and similar expenses	4	2	4	190	1	72	−36	237
Operating expenses related to insurance activities	868	363	149		236	51		1,667
Operating expenses for non-insurance activities	33	114		346	5	91		589
Other expenses	16	51		6	38	37		148
Total expenses (excluding non-operational items)	**3,314**	**14,087**	**3,747**	**542**	**978**	**298**	**−38**	**22,928**
Operational result	**260**	**235**	**253**	**22**	**23**	**−163**		**630**
Transaction results (mergers and acquisitions)								
Result before tax	**260**	**235**	**253**	**22**	**23**	**−163**		**630**
Income tax expenses	66	−2	62	6	15	−67		80
Income tax impact rate change	9		−102	1				−92
Total income tax expenses	**75**	**−2**	**−40**	**7**	**15**	**−67**		**−12**
Net Result	**185**	**237**	**293**	**15**	**8**	**−96**		**642**
Expense ratio[1]	25.1%	2.6%			24.9%			
Claims ratio[1&2]	67.8%	95.7%			73.6%			
Combined ratio[1&2]	92.9%	98.3%			98.5%			
Amortisation charges	3	2		4	20	60		89
(Reversal of) impairment losses	20	14	36			4		74

1 The ratios of the segment International include both Non-life and Health insurance.
2 The ratios of the segment Non-life are adjusted by correcting Movements in insurance liabilities where policyholders bear investment risks (included in Net expenses from insurance contracts) by 69 million for the unwinding of discount of the provisions for income products. This unwinding of discount took place based on the rate as applied to set the premiums of these contracts.

GEOGRAPHICAL SEGMENT REPORTING, INCLUDING INTERGROUP ADJUSTMENTS

(€ MILLION)

	THE NETHERLANDS	TURKEY	GREECE	SLOVAKIA	OTHER[1]	TOTAL 2021	TOTAL 2020
Gross written premiums	18,766	236	367	609	48	20,026	20,175
Other income	407	18	30	3		458	410
Total assets	87,254	498	1,243	413	98	89,506	93,655
Non-current assets	72,997	138	1,070	304	18	74,527	77,629

1 Other includes Australia and Canada.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO SIGNIFICANT BALANCE SHEET AND INCOME STATEMENT ITEMS

4. INVESTMENT PROPERTY

(€ MILLION)

	2021	2020
Balance at 1 January	973	1,104
Purchases	32	14
Disposals	–99	–145
Fair value changes recognised in profit or loss	122	–1
Transfer from property for own use		1
Balance at 31 December	**1,028**	**973**

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Residential	676	544
Retail	168	194
Offices	180	232
Other	4	3
Total	**1,028**	**973**

Achmea's contractual liabilities for maintenance of investment property at year-end 2021 amounted to €1 million (31 December 2020: €1 million).

Investment property is leased under operating lease contracts, in general with fixed monthly lease payments which may be reviewed at contractually agreed times. Minimal rental income under operating lease contracts, not cancellable without penalty, for this investment property are as follows:

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Less than 1 year	19	27
1 - 5 years	42	62
Over 5 years	29	42
Total	**90**	**131**

KEY ESTIMATES TO DETERMINE THE VALUE OF INVESTMENT PROPERTY

The methods used to determine the revalued amount for Property for own use and fair value of Investment property are described in Note 8 Fair value hierarchy. The assumptions used in applying some of these methods are supported by the terms of any existing lease and other relevant contracts and by external evidence such as recent and expected general economic trends, current market rents for similar properties in the same location and condition. Various assumptions should be made and techniques applied in valuing property whereby these assumptions and techniques, may have significant consequences for the valuation.

Covid-19 affects the estimated future cash flows used to determine fair value of, in particular, the retail and office portfolio. The uncertainties of Covid-19 may have an impact on, among other things, the extent to which rent reductions will be provided, the continued use of the premises by current tenants and the layout of premises out after the lifting of the lockdown measures.

Sufficient reference transactions in an effective market are available for the valuation as of 31 December 2021. Achmea sees no reason to adjust the valuations of the external appraisers.

In the valuation of Investment Property, the adjustment of the transfer tax as of 1 January 2021 is taken into account in the valuation as of 31 December 2021.

ACCOUNTING POLICIES INVESTMENT PROPERTY

Investments property is measured at fair value. All fair value changes are recognised as Realised and unrealised gains and losses in the Investment income in the Income Statement. Rental income from Investment property is recognised as Investment income in the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENTS

INVESTMENTS CLASSIFIED BY NATURE

(€ MILLION)

	INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS		INVESTMENTS – AVAILABLE FOR SALE		INVESTMENTS – LOANS AND RECEIVABLES		TOTAL	
	31 DECEMBER 2021	31 DECEMBER 2020	**31 DECEMBER 2021**	31 DECEMBER 2020	**31 DECEMBER 2021**	31 DECEMBER 2020	**31 DECEMBER 2021**	31 DECEMBER 2020
Investments own risk								
Equities & similar investments	86	98	3,293	2,699			3,379	2,797
Fixed income investments	2,669	2,960	35,788	36,364	2	59	38,459	39,383
Derivatives	6,363	9,087					6,363	9,087
Other financial investments	56	48	1,517	984	1,121	1,365	2,694	2,397
Investments for account and risk of policyholders								
Equities & similar investments	3,831	3,841					3,831	3,841
Fixed income investments	4,711	4,342					4,711	4,342
Derivatives	154	86					154	86
Other financial investments[1]	6,609	6,981					6,609	6,981
Banking credit portfolio								
Fixed income investments	146	171			11,786	12,554	11,932	12,725
Total	**24,625**	**27,614**	**40,598**	**40,047**	**12,909**	**13,978**	**78,132**	**81,639**

[1] Other financial investments include cash and cash equivalents relating to investments backing linked liabilities (in funds/depots).

Equity investments and similar investments of in total €3,379 million (31 December 2020: €2,797 million) consist of investments in listed ordinary shares of €1,830 million (31 December 2020: €1,390 million), alternative investments of €720 million (31 December 2020: €684 million), investments in real estate funds of €501 million (31 December 2020: €368 million), investments in fixed-income funds of €265 million (31 December 2020: €286 million) and other investments of €63 million (31 December 2020: €69 million).

In 2021 the impairments amount to €13 million (2020: €74 million). These impairments are recognised in the Income Statement under Realised and unrealised gains and losses.

Other financial investments for own account classified as Loans and receivables mainly concern savings accounts linked to life insurance contracts held with Rabobank Groep, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan

For more information on fair value and changes in fair value see Note 8 Fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENTS INVESTMENTS

(€ MILLION)

	INVESTMENTS OWN RISK		INVESTMENTS BACKING LINKED LIABILITIES		BANKING CREDIT PORTFOLIO		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
Balance at 1 January	**53,664**	**49,714**	**15,250**	**15,662**	**12,725**	**13,374**	**81,639**	**78,750**
Change in composition of the Group[1]	42						42	
Investments and loans granted	28,372	28,659	5,334	11,555	1,332	1,258	35,038	41,472
Divestments and disposals	−28,115	−28,287	−6,456	−12,653	−2,048	−1,865	−36,619	−42,805
Fair value changes	−3,535	3,084	877	423	−26	−3	−2,684	3,504
Change in value due to fair value hedge accounting					−138	10	−138	10
Foreign currency differences	−47	−107	51	−60	16	2	20	−165
Amortisation					7	−39	7	−39
Accrued interest and rental	11	40	173	194		4	184	238
Cash movements			68	133			68	133
Changes due to reclassification	−8	4	8	−4				
Oher changes[2]	511	557			64	−16	575	541
Balance at 31 December	**50,895**	**53,664**	**15,305**	**15,250**	**11,932**	**12,725**	**78,132**	**81,639**

1. Movement relates to the acquisition of Poštová poisťovňa by subsidiary Union poisťovňa.
2. Other changes relate to the consolidation of a number of investment pools. These pools are included in the consolidated figures of Achmea Pensioen- en Levensverzekeringen N.V. because a control relationship exists under IFRS 10. The increase in the part of the investments to which Achmea is not entitled is presented as 'Other changes'.

Investments own risk

The investments own risk designated as 'At fair value through profit or loss' as at 31 December 2021 amounts to €2,811 million (31 December 2020: €3,106 million). Derivatives are used for hedging purposes. Achmea holds no financial instruments for trading purposes.

Based on their contractual maturity, an amount of €34,258 million (31 December 2019: €35,684 million) of fixed income investments and other investments is expected to be recovered after twelve months after reporting date. For all assets without a contractual maturity date, it is assumed that they will be expected to be recovered after twelve months after the reporting date.

FIXED INCOME INVESTMENTS CLASSIFIED BY NATURE

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Government and government related guaranteed bonds	11,987	13,956
Securitised bonds[1]	1,482	1,133
Corporate bonds	14,121	13,857
Convertible bonds	251	236
Mortgages	8,818	8,571
Loans, deposits with credit institutions	388	182
Investment loans	1,405	1,439
Other	7	9
Total	**38,459**	**39,383**

1. Securitised bonds include €163 million (2020: €289 million) asset backed securities (collateralised), issued by structured entities.

Achmea's investments in non-consolidated structured entities such as bonds with collateral mortgages, collateral demand for car leasing and other pledged assets are presented in the line item Investments - Securitised bonds. The composition of Achmea's portfolios in the investments in structured entities is widely dispersed looking at the individual amount per entity. For the main part Achmea invests in the senior rated interest of these asset backed securities, limiting the potential credit losses. For the most significant non-consolidated structured entities the following table presents the maximum exposure to loss for Achmea as at 31 December 2020, which equals the carrying amount of the securities at that date. Furthermore, the table below presents a comparison of Achmea's interest with the total amount of Notes issued by the structured entity. The amount shown as Total amount of issued notes is based on the deal size at issue of the notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INVESTMENTS IN NON-CONSOLIDATED STRUCTURED ENTITIES

(€ MILLION)

		31 DECEMBER 2021		31 DECEMBER 2020
	MAXIMUM EXPOSURE TO LOSS	TOTAL AMOUNT OF ISSUED NOTES AT ISSUED DATE	MAXIMUM EXPOSURE TO LOSS	TOTAL AMOUNT OF ISSUED NOTES AT ISSUED DATE
Mortgage backed securities	109	11,216	164	10,793
Car leasing receivables securities	29	1,964	48	3,929
Other securities	25	2,225	77	3,415
Carrying amount of interest in structured entity as at 31 December	**163**	**15,405**	**289**	**18,137**

Achmea did not provide financial or other support to non-consolidated structured entities. Nor does Achmea have intentions to provide financial or other support to non-consolidated structured entities in which Achmea has an interest or previously had an interest.

DERIVATIVES CLASSIFIED BY NATURE

(€ MILLION)

	ASSETS	LIABILITIES	BALANCE 31 DECEMBER 2021	ASSETS	LIABILITIES	BALANCE 31 DECEMBER 2020
Interest rate derivatives	6,307	1,409	4,898	9,004	2,843	6,161
Currency derivatives	8	18	−10	33	8	25
Equity derivatives	46		46	49	19	30
Other derivatives	2		2	1		1
	6,363	**1,427**	**4,936**	**9,087**	**2,870**	**6,217**

ANALYSIS OF ESTIMATED TIME TO MATURITY OF UNDISCOUNTED CASHFLOWS OF DERIVATIVES (LIABILITIES)

(€ MILLION)

	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	> 5 YEARS	TOTAL 31 DECEMBER 2021	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	> 5 YEARS	TOTAL 31 DECEMBER 2020
Interest rate derivatives	120	178	130	910	1,338	211	396	306	1,795	2,708
Currency derivatives	17				17	7				7
Equity derivatives						19				19
	137	**178**	**130**	**910**	**1,355**	**237**	**396**	**306**	**1,795**	**2,734**

ANALYSIS OF NOTIONAL AND FAIR VALUE FOR INTEREST AND CURRENCY DERIVATIVES OWN RISK

(€ MILLION)

			31 DECEMBER 2021			31 DECEMBER 2020
	NOMINAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NOMINAL AMOUNTS	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Interest derivatives	45,813	6,307	1,358	42,535	9,004	2,827
Cross-currency interest rate swaps	587		51	379		16
Forward exchange contracts	2,031	8	18	1,632	33	8
	48,431	6,315	1,427	44,546	9,037	2,851

Investments backing linked liabilities

Investments backing linked liabilities comprise assets for insurance contracts with segregated investments, deposits for group life contracts with full profit sharing, unit-linked life insurance policies, investment contracts and investments covering obligations under policies where the benefits are index-linked.

Investments backing linked liabilities are separated from other investments which are invested in accordance with the requirements towards holders of life insurance or investment contracts. Policyholders and holders of investment contracts are entitled to all gains recorded and to the total amount of the investments shown under this heading, but they also have to carry any losses. For this reason the valuation of Insurance liabilities where policyholders bear investment risks are linked to these investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Part of the Investments at the risk and expense of our policyholders concerns unlisted fixed income securities that are valued at fair value through the income statement. These are mainly balances linked to savings policies, the interest income from which is based on the interest paid by the policyholder on his savings mortgage. Part of the change in value of these investments is related to a change in the credit risk of the financial asset. Since these are investments for the account and risk of policyholders, this change in value is fully recognised in the Liabilities arising from insurance contracts and has no impact on the net result.

For certain blocked savings accounts linked to savings mortgages within the Pension & Life Netherlands segment, the manner in which the counterparty credit surcharge is included in the discount curve for determining fair value has been adjusted. The counterparty credit surcharge in the discount curve was previously based on the risk of doubtful debt of similar financial instruments issued by the relevant party where the savings account is held. Based on the publication of a Q&A and Good Practice by the Dutch National Bank in the second half of 2021 regarding the valuation of savings securities the methodology for determining the surcharge for counterparty credit risk has been refined. In the amended provision, the counterparty credit surcharge is based on the risk of doubtful debt taking into account the cash flow characteristics of the savings deposits. In the absence of collateral, the counterparty credit surcharge shall continue to be based on the risk of doubtful debt of similar financial instruments issued by the relevant party where the savings account is held. Therefore, the refined methodology uses multiple discount curves, with counterparty credit spreads broken down into groups with equal counterparty credit risk. The change in accounting estimate has a positive impact of €256 million on Investments and an equal impact on Liabilities related to insurance contracts as of 31 December 2021 and therefore no impact on Net income and Total equity.

Investments backing linked liabilities are managed on behalf of policyholders on a fair value basis. Although individual instruments may (or may not) have a maturity depending on their nature, this does not impact the liquidity position of Achmea.

Banking credit portfolio

BANKING CREDIT PORTFOLIO CLASSIFIED BY NATURE[1]

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Mortgages	11,364	12,108
Loans, deposits and advances with credit institutions	574	629
Allowance account	−6	−12
	11,932	**12,725**

1 The Banking credit portfolio includes a provision for credit losses. Additions to and withdrawals from the provisions during 2021 amounted to €17 million (2020: €14 million) and €24 million (2020: €17 million).

An amount of €574 million (31 December 2020: €629 million) is not available on demand, and consists of collateral for derivatives and funds related to securitisation transactions. An amount of €10,424 million (31 December 2020: €11,248 million[4]) of the Banking credit portfolio can be recovered after twelve months after reporting date.

The fair value of the Banking credit portfolio measured at amortised cost at year-end is €12,089 million (31 December 2020: €12,719 million). As at 31 December 2021, the carrying amount of the loans is affected by impairment losses amounting to €78 million (31 December 2020: €94 million). There are no reversals of impairment losses in both 2021 and 2020. The carrying amount is reduced through use of an allowance account. The impairment loss is mainly a result of individual assessments of the expected cash flows in relation to the loans. For 2021, the interest income related to impaired financial instruments is €1 million (31 December 2020: €2 million).

From 2021 onwards, the compensation for early redemptions, included in the interest rate on mortgage-backed loans as a surcharge for the so-called interest rate averaging for the new contracts, is allocated to the remaining (shorter) term of the old loan. For the contracts up to and including 2020, the compensation for early redemptions to be received is recognised directly in the result.

4 For the determination of the amount to be recovered from the credit portfolio, the calculation methodology has been adjusted, because this is more in line with the determination of the liquidity risk. Contrary to the previous periods, the calculation is now conducted based on the contractual maturities (taking into account the Constant Prepayment Rate, CPR) instead of the interest typical maturities. The adjustment has also been incorporated into the comparative figures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

KEY ASSUMPTIONS AND ESTIMATES WHEN ASSESSING THE VALUATION OF INVESTMENTS

Impairment testing of financial assets

Each reporting date Achmea applies judgement to establish whether a loss event has occurred, resulting in an impairment loss for an investment. When the financial condition of a counterparty changes, Achmea specifically assesses the counterparty's ability to meet both principal and interest payments on fixed-income investments. Objective evidence of impairment of an equity investment classified as 'Available for sale' includes information about significant changes with an adverse effect have taken place in the market, the technological, economic or legal environment in which the counterparty operates, and indicates that the cost of the investment in the equity investment may not be recovered. A significant or prolonged decline in the fair value of an equity investment below its cost is also objective evidence for impairment. Equity investments held in an unrealised loss position that are below cost for over twelve consecutive months or significantly below cost (20%) at reporting date are impaired. When determining the impairment loss, qualitative indicators are also used before these thresholds are met.

The Banking credit portfolio is evaluated for impairment on the basis of the contractual cash flows of the assets in the portfolio and historical loss experience for assets with credit risk characteristics similar to those in the portfolio. An impairment of an asset exists if there is objective evidence that one or more events after the initial recognition have had a reliably estimated negative impact on the credit standing of the borrower and on the expected future cash flows of such asset. Current observable data may include changes in unemployment rates, arrears, property and commodity prices and the value of the collateral as well as developments in interest rates and exchange rates. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Fair value investments determined using valuation techniques

In the absence of an (active) market, the fair value of non-quoted investments is estimated by using present value of future cash flows or other valuation techniques. Reference is made to Note 8 Fair value hierarchy for a detailed description of the methods used. Valuation techniques are subjective in nature and can have a significant impact on the determination of fair values for certain investments. Valuation techniques involve various assumptions on the pricing factors. The use of different valuation techniques and assumptions could have an effect on the fair value.

The altered economic conditions triggered by Covid-19 have resulted in a wider bandwidth within which assumptions and estimates for non-listed investments, such as mortgages and loans, may fluctuate. The wider bandwidth relates to the extent to which deferments of interest payments and mortgage repayments have an impact on estimated future cash flows and the extent to which Covid-19 poses a greater risk of mortgages and loans being irrecoverable. As at 31 December 2020 the impact on fair value is low.

ACCOUNTING POLICIES INVESTMENTS

Classification of investments

The general principle underlying the classification of investments, and therefore the accounting policies for investments, is that this is aligned with the valuation of related liabilities. Achmea applies the following framework:

- Investments backing banking liabilities measured at amortised cost and investments backing insurance liabilities related to own account savings accounts are classified as 'Loans and receivables';
- Investments backing banking liabilities measured at fair value, investments backing insurance liabilities where cash flows are discounted using current market interest rates, investments backing insurance liabilities where the policyholder bears the investment risk and investment contracts are classified as 'At fair value through profit or loss';
- Investments held for trading, mostly derivatives, and Private equity investments in the form capital interests in investment funds are classified as 'At fair value through profit or loss'. Achmea uses derivatives to manage its exposure to market risks arising from operating, investing and/or financing activities;
- Investments in which Achmea has no significant influence, despite holding an interest of 20% or more, are classified 'At fair value through profit or loss' or 'Available for sale';
- Other investments are classified as 'Available for sale'.

Initial measurement

An investment is initially measured at fair value increased by transaction costs that are directly attributable to the acquisition or issue of an investment, unless an investment is classified as 'At fair value through profit or loss'. In that case the initial measurement equals the fair value and transaction costs are included directly in the Income Statement.

In some cases, the fair value deviates the initially measured from the transaction price, (so called day 1 gain/loss). If the fair value is evidenced by observable market data, the 'day 1 result' will be accounted for in the Income Statement as Investment income Realised gains and losses. In all other cases, the value is adjusted to defer the difference between the fair value and initial value to future periods. The 'day 1 result' is recognised in the Income Statement only to the extent it arises from a change in a factor (including time) that market participants would take into account.

Subsequent measurement

Investments classified as 'Loans and receivables'

These investments are stated at amortised cost, less any allowance for uncollectability. If there is objective evidence that an impairment loss on 'Loans and receivables' has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet occurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). A new amortised cost schedule is determined which governs the future interest income recognised in the Income Statement.

The Banking credit portfolio, measured at amortised cost, is adjusted to reflect identified incurred losses (including incurred but not yet reported losses) within the portfolio. If all or part of the portfolio proves to be uncollectible, the amount concerned is written off from the corresponding allowance account.

Investments classified as 'Available for sale'

Investments classified as 'Available for sale' are measured at fair value. Other changes in fair value are transferred to the Revaluation reserve, part of Total equity net of deferred taxes. Exchange differences resulting from changes in the amortised cost of fixed-income investments are recognised in the Income Statement. Upon derecognition of the investment any cumulative unrealised gains or losses, recognised in Total equity, are transferred to the Income Statement as Realised gains and losses. Interest income on fixed-income investments is determined by using the effective interest rate method. When optional dividends are taken up as shares, an amount equal to the cash dividend is recognised in the Income Statement.

Investments classified as 'At fair value through profit or loss'

Investments classified as 'At fair value through profit or loss' are measured at fair value. Changes in fair value and exchange differences are recognised in the Income Statement. When optional dividends are taken up as shares, an amount equal to the cash dividend is recognised in the Income Statement.

Derivatives embedded in other financial instruments are separated and measured separately if they are not closely related to the host instrument. A convertible bond is separated into a bond part classified as 'Available for sale' and an equity conversion option classified as a derivative. The bond part is measured according to the valuation of a similar bond with the same characteristics. Depending on their value, derivatives are either presented as Investments (assets) or as Derivatives (liabilities). Derivatives assets and liabilities relating to the same counterparty are generally not included in the balance sheet on a net basis, as the IFRS netting requirements have not been met.

6. LIABILITIES RELATED TO INSURANCE CONTRACTS AND AMOUNTS CEDED TO REINSURERS

(€ MILLION)

	31 DECEMBER 2021		31 DECEMBER 2020	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS
Non-life insurance				
Unearned premiums	1,427	118	1,383	99
Provision for unexpired risks	34		41	
Outstanding claims (including IBNR)	6,753	539	6,428	486
Profit sharing and bonuses for policyholders	27		20	
Total Non-life insurance	**8,241**	**657**	**7,872**	**585**
Health insurance				
Unearned premiums	29		28	
Provision for unexpired risks	394		138	
Outstanding claims (including IBNR)	3,960	1	3,642	
Total Health insurance	**4,383**	**1**	**3,808**	
Life insurance				
Provision for life policy liabilities	19,209	79	20,058	100
Provision for discounting of insurance liabilities	9,706		11,891	
Insurance liabilities where policyholders bear investment risk	14,629		14,772	
Total Life insurance	**43,544**	**79**	**46,721**	**100**
Total	**56,168**	**737**	**58,401**	**685**

The increase in the liabilities for non-life insurance is mainly caused by supplementary additions and a decrease of the discount rate for the provision for personal injury for the old years. The decrease of the discount rate was processed in response to external developments. In addition, an increase in non-life insurance liabilities is caused by the portfolio growth and calamity claims that are still to be settled.

The increase in liabilities for health insurance is caused by a higher provision for outstanding claims and a higher provision for unexpired risks. The higher provision for outstanding claims is the result of a lower compensation from the continuity contribution, which is deducted from the provision for outstanding claims. This is partly compensated by lower healthcare costs. The higher provision for unexpired risks results from the premium setting for 2022. This is offset by the adjustment the treatment for foreign claims.

The decrease in liabilities for life insurance is mainly due to a lower provision for discounting of insurance liabilities due to the development of the unrealized changes in value of the investments. In addition, the provision for life policy liabilities has decreased in line with the service book strategy at Pension & Life.

The decrease in Insurance liabilities where policyholders bear investment risk is mainly caused by the winding-down of the service book. This is offset by an increase on the related investments due to positive market development.

Achmea assesses the adequacy of the recognised Liabilities related to insurance contracts and related assets at each reporting date (see accounting policies of Liabilities related to insurance contracts).

The table shows the insurance liabilities analysed by estimated time to maturity. The Life insurance and Income Protection contracts are analysed, based on the discounted cash in- and outflows related to the insurance contracts; Property & Casualty and Health insurance contracts are analysed, based on undiscounted cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ANALYSIS BY ESTIMATED TIME TO MATURITY OF LIABILITIES RELATED TO INSURANCE CONTRACTS

(€ MILLION)

2021	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	TOTAL
Non-life insurance					
Income protection	643	1,230	1,030	280	3,183
Property & Casualty	2,224	1,983	781	70	5,058
Health insurance	4,235	123	14	11	4,383
Life insurance	2,196	6,378	16,366	18,604	43,544
Balance at 31 December	**9,298**	**9,714**	**18,191**	**18,965**	**56,168**

ANALYSIS BY ESTIMATED TIME TO MATURITY OF LIABILITIES RELATED TO INSURANCE CONTRACTS

(€ MILLION)

2020	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	TOTAL
Non-life insurance					
Income protection	667	1,198	1,061	279	3,205
Property & Casualty	2,046	1,808	738	75	4,667
Health insurance	3,643	143	13	9	3,808
Life insurance	2,344	6,275	17,235	20,867	46,721
Balance at 31 December	**8,700**	**9,424**	**19,047**	**21,230**	**58,401**

NON-LIFE PORTFOLIO ANALYSIS

(€ MILLION)

	31 DECEMBER 2021		31 DECEMBER 2020	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	%	LIABILITIES RELATED TO INSURANCE CONTRACTS	%
Accident	3,183	39%	3,205	41%
Motor liability	2,351	29%	2,106	27%
Motor hull	368	4%	352	4%
Transport /aviation liability	64	1%	64	1%
Property	1,100	13%	1,030	13%
General liability	988	12%	926	12%
Legal assistance	176	2%	181	2%
Other	11	0%	8	0%
	8,241	**100%**	**7,872**	**100%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT TABLE NON-LIFE

(€ MILLION)

	2021		2020	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS
PROVISION FOR UNEARNED PREMIUMS NON-LIFE				
Balance at 1 January	1,383	99	1,338	98
Added during the year	4,399	352	4,257	324
Released to the Income Statement	–4,315	–310	–4,179	–307
Foreign currency differences	–40	–23	–33	–16
Balance at 31 December	**1,427**	**118**	**1,383**	**99**
PROVISION FOR UNEXPIRED RISKS NON-LIFE				
Balance at 1 January	41		36	
Added during the year			5	
Released to the Income Statement	–7			
Balance at 31 December	**34**		**41**	
OUTSTANDING CLAIMS (INCLUDING IBNR) NON-LIFE				
Balance at 1 January	6,428	486	6,222	412
Current period claims reported	2,711	134	2,696	156
Change in reported claims previous periods	97	61	–41	41
Plus claims reported	**2,808**	**195**	**2,655**	**197**
Current period claims paid	1,153	17	1,159	25
Previous period claims paid	1,307	65	1,282	60
Less claims paid	**2,460**	**82**	**2,441**	**85**
Foreign currency differences	–79	–60	–67	–38
Unwinding of discount	56		60	
Effect of changes in assumptions			–1	
Balance at 31 December	**6,753**	**539**	**6,428**	**486**
PROFIT SHARING AND BONUSES FOR POLICYHOLDERS				
Balance at 1 January	20		22	
Net movements during the period	7		–2	
Balance at 31 December	**27**		**20**	
TOTAL NON-LIFE INSURANCE LIABILITIES	**8,241**	**657**	**7,872**	**585**

As a result of negative run-off results on old underwriting years related to injuries and the continuing low market interest rates, an additional amount of €240 million was added to Liabilities related to insurance contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The tables below present the claims development table for Non-Life before and net of reinsurance.

CLAIMS DEVELOPMENT TABLE FOR NON-LIFE

(€ MILLION)

(BEFORE REINSURANCE)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	2,711	2,696	2,734	2,805	2,737	2,930	2,594	2,593	2,780	2,733	
One year later		2,657	2,643	2,744	2,645	2,909	2,622	2,532	2,615	2,482	
Two years later			2,734	2,704	2,611	2,814	2,658	2,587	2,634	2,437	
Three years later				2,844	2,558	2,815	2,597	2,542	2,641	2,435	
Four years later					2,564	2,785	2,564	2,419	2,598	2,369	
Five years later						2,767	2,513	2,366	2,507	2,330	
Six years later							2,530	2,356	2,494	2,324	
Seven years later								2,357	2,499	2,312	
Eight years later									2,486	2,319	
Nine years later										2,314	
Estimate of cumulative claims	**2,711**	**2,657**	**2,734**	**2,844**	**2,564**	**2,767**	**2,530**	**2,357**	**2,486**	**2,314**	**25,964**
Cumulative payments	−1,153	−1,761	−2,032	−2,286	−2,077	−2,377	−2,147	−2,077	−2,296	−2,139	−20,345
	1,558	**896**	**702**	**558**	**487**	**390**	**383**	**280**	**190**	**175**	**5,619**
Insurance liabilities claims prior years (<2012)											1,543
Effect of discounting											−409
Outstanding claims at 31 December 2021											**6,753**

CLAIMS DEVELOPMENT TABLE FOR NON-LIFE

(€ MILLION)

(NET OF REINSURANCE)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	2,577	2,540	2,594	2,668	2,616	2,653	2,477	2,525	2,677	2,692	
One year later		2,485	2,509	2,628	2,574	2,696	2,555	2,468	2,519	2,433	
Two years later			2,616	2,598	2,540	2,606	2,602	2,548	2,540	2,402	
Three years later				2,762	2,492	2,619	2,528	2,507	2,560	2,400	
Four years later					2,506	2,590	2,506	2,385	2,523	2,335	
Five years later						2,576	2,454	2,335	2,436	2,299	
Six years later							2,478	2,326	2,475	2,287	
Seven years later								2,329	2,480	2,287	
Eight years later									2,470	2,295	
Nine years later										2,289	
Estimate of cumulative claims	**2,577**	**2,485**	**2,616**	**2,762**	**2,506**	**2,576**	**2,478**	**2,329**	**2,470**	**2,289**	**25,088**
Cumulative payments	−1,136	−1,716	−1,995	−2,223	−2,046	−2,202	−2,131	−2,066	−2,289	−2,132	−19,936
	1,441	**769**	**621**	**539**	**460**	**374**	**347**	**263**	**181**	**157**	**5,152**
Insurance liabilities claims prior years (<2012)											1,471
Effect of discounting											−409
Outstanding claims at 31 December 2021											**6,214**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

HEALTH PORTFOLIO ANALYSIS

(€ MILLION)

	31 DECEMBER 2021		31 DECEMBER 2020	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	%	LIABILITIES RELATED TO INSURANCE CONTRACTS	%
Basic Health insurance	4,156	95%	3,607	95%
Supplementary Health insurance	63	1%	58	1%
Other	164	4%	143	4%
	4,383	**100%**	**3,808**	**100%**

MOVEMENT TABLE HEALTH INSURANCE LIABILITIES

(€ MILLION)

	2021		2020	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS
PROVISION FOR UNEARNED PREMIUMS HEALTH				
Balance at 1 January	28		29	
Added during the year	14,689	10	14,839	4
Released to the Income Statement	−14,688	−10	−14,840	−4
Balance at 31 December	**29**		**28**	
PROVISION FOR UNEXPIRED RISKS HEALTH				
Balance at 1 January	138		19	
Added during the year	394		138	
Released to the Income Statement	−138		−19	
Balance at 31 December	**394**		**138**	
OUTSTANDING CLAIMS (INCLUDING IBNR) HEALTH				
Balance at 1 January	3,642		3,851	
Current period claims reported	14,022	9	14,153	3
Change in reported claims previous periods	−56		−169	
Plus claims reported	**13,966**	**9**	**13,984**	**3**
Current period claims paid	10,401	8	10,752	3
Previous period claims paid	3,247		3,441	
Less claims paid	**13,648**	**8**	**14,193**	**3**
Balance at 31 December	**3,960**	**1**	**3,642**	
TOTAL HEALTH INSURANCE LIABILITIES	**4,383**	**1**	**3,808**	

For information on the change in accounting estimate in respect of foreign claims in the Contribution from the Health Insurance Equalisation Fund, please refer to Note 9 Net earned premiums.

The claims development table for Health as included below, is presented before reinsurance only, as a claims development table after reinsurance would not show any differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CLAIMS DEVELOPMENT TABLE FOR HEALTH

(€ MILLION)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	14,022	14,153	14,041	13,954	13,873	13,458	13,105	12,551	12,777	12,840	
One year later		14,118	13,911	13,856	13,663	13,229	12,897	12,321	12,598	12,553	
Two years later			13,852	13,817	13,624	13,218	12,844	12,216	12,473	12,641	
Three years later				13,843	13,618	13,243	12,885	12,186	12,541	12,235	
Four years later					13,618	13,252	12,960	12,209	12,556	12,213	
Five years later						13,252	12,954	12,254	12,582	12,219	
Six years later							12,954	12,251	12,685	12,228	
Seven years later								12,252	12,685	12,340	
Eight years later									12,685	12,340	
Nine years later										12,340	
Estimate of cumulative claims	**14,022**	**14,118**	**13,852**	**13,843**	**13,618**	**13,252**	**12,954**	**12,252**	**12,685**	**12,340**	**132,936**
Cumulative payments	−10,401	−13,792	−13,842	−13,840	−13,618	−13,252	−12,954	−12,252	−12,685	−12,340	−128,976
Outstanding claims at 31 December 2021	**3,621**	**326**	**10**	**3**							**3,960**

LIFE PORTFOLIO ANALYSES

(€ MILLION)

	31 DECEMBER 2021		31 DECEMBER 2020	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	%	LIABILITIES RELATED TO INSURANCE CONTRACTS	%
Insurances with guarantees regarding to investment income[1]	28,848	66%	31,884	68%
Other life insurance	14,696	34%	14,837	32%
	43,544	**100%**	**46,721**	**100%**

1 Includes life insurances for own account with guarantees regarding interest rate and life insurances where policyholders bear investment risks with a minimum guaranteed investment income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT TABLE LIFE INSURANCE LIABILITIES

(€ MILLION)

	2021		2020	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS
PROVISION FOR LIFE POLICY LIABILITIES				
Balance at 1 January	20,058	100	21,103	126
Benefits paid	−1,793	−28	−2,254	−33
Net premiums received	590	19	661	21
Technical result	−123	−10	−114	−16
Unwinding of discount	535	−2	649	2
Cost withdrawal	−57		−64	
Changes due to reclassification[1]	−27		73	
Change in composition of the Group[2]	25			
Amortisation deferred interest surplus rebates	1		4	
Balance at 31 December	**19,209**	**79**	**20,058**	**100**
PROVISION FOR DISCOUNTING OF INSURANCE LIABILITIES				
Balance at 1 January	11,891		9,838	
Changes due to (un)realised fair value changes of related investments in fixed income through the Equity	−740		819	
Changes due to (un)realised fair value changes of related investments in fixed income and interest rate derivatives through the Income statement	−1,503		1,182	
Granted profit sharing rights[3]	58		52	
Balance at 31 December	**9,706**		**11,891**	
INSURANCE LIABILITIES WHERE POLICYHOLDERS BEAR INVESTMENT RISKS				
Balance at 1 January	14,772		15,312	
Benefits paid	−1,427		−1,349	
Net premiums received	348		417	
Technical result	−28		−61	
Unwinding of discount	40		39	
Cost withdrawal	−25		−26	
Effect of fair value changes	922		513	
Changes due to reclassification[1]	27		−73	
Balance at 31 December	**14,629**		**14,772**	
TOTAL LIFE INSURANCE LIABILITIES	**43,544**	**79**	**46,721**	**100**

1 Changes due to reclassification in 2021 and 2020 relate to changes in Insurance liabilities where policyholders bear investment risks, resulting from reclassification related to changes in the assessment of the underlying risk of the contracts and resulting from contractual changes.
2 Movement relates to the acquisition of Poštová poisťovňa by subsidiary Union poisťovňa.
3 Dependent on the investment yield part of the Granted profit sharing rights accrues to Achmea. This is expected to amount to 40 bps of the average related insurance liabilities.

The Provision for life policy includes an amount of €2.5 billion (31 December 2020: €2.7 billion) related to non-participating benefits contracts, which is calculated using current discount rates.

For the Provision for life policy liabilities (before reinsurance) and Insurance liabilities where policyholders bear investment risks amounted to €17 billion (31 December 2020: €17.8 billion) respectively €14.6 billion (31 December 2020: €14.7 billion) relate to 'service book' in the Netherlands; benefits paid related to this 'service book' activities amounted to €1.4 billion (2020: €1.5 billion) respectively €1.4 billion (2020: €1.3 billion).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

With respect to life insurance, in 2012 Achmea implemented a compensation scheme for holders of unit-linked policies that had been agreed with consumer organisations. In addition, Achmea meets the additional requirements formulated at the time by the Dutch Minister of Finance. According to a number of customers, the compensation scheme and the policy have not been sufficient. This has been taken into account in the calculation of the provision for insurance liabilities. In January 2019, Achmea received a summons from Vereniging Woekerpolis.nl (association that represents customers with unit-linked policies) and the Dutch Consumers' Association. In June 2020, the District Court in Gelderland issued its judgement. This judgement was reason for Vereniging Woekerpolis.nl and the Consumers' Association to appeal. Vereniging Woekerpolis.nl submitted the statement of objections on 19 October 2021 and Achmea is now obliged to submit a statement of reply. The recent ruling of the Supreme Court on 11 February 2022 in a case of another insurer regarding the compensation scheme for unit-linked policies has been considered by Achmea and has not led to an adjustment of the provision for insurance liabilities.

For information on the change in accounting estimate for the determination of the fair value of the balances associated with savings policies, please refer to Note 5 Investments under section 'Investments backing linked liabilities'.

KEY ESTIMATES TO DETERMINE LIABILITIES RELATED TO INSURANCE CONTRACTS

The measurement of Liabilities related to insurance contracts is an inherently uncertain process, involving assumptions for changes in legislation, social, economic and demographic trends, inflation, investment returns, policyholder behaviour, and other factors. Specifically, significant assumptions related to these aspects include interest rates, mortality and morbidity rates, trends in claims and assumptions used in the liability adequacy test. Where possible, Achmea uses market observable variables and models / techniques which are commonly used in the industry. The assumptions for non-observable market variables used are based on a combination of experience within Achmea and market benchmarks, such as those supplied by the statistics department of the Dutch Association of Insurers, the Dutch Society of Actuaries and similar bodies throughout Europe. The use of different assumptions in this evaluation could have an effect on the Liabilities related to insurance contracts and Net expenses from insurance contracts. The data used to calibrate the Liabilities related to insurance contracts outstanding claims related to Dutch health-insurance contracts is based on historical information.

The contribution for the Health Insurance Fund (including standard nominal premium) and claims level are preliminary and will probably change and shift between insurers for some years.

Achmea reassesses provisions for the underwriting year on an annual basis based on the latest information on claims level, macro-neutrality and settlements with the Dutch government (equalisation fund allocation for the related underwriting year). When appropriate, Achmea has made additional provisions.

The discount rate used to determine the life policy liabilities whose valuation of cash flows is based on locked assumptions related to Dutch activities ranges between 3% and 4%. Life policy liabilities relating to Dutch activities whose cash flows are discounted using market-based interest rates are based on the Euro swap curve, including an illiquidity premium depending on the profit sharing features of the insurance contract, which is extrapolated by means of an ultimate forward rate (UFR, year-end 2021: 3,6%, year-end 2020: 3.75%). The UFR is used to determine the risk-free discount rate after the last liquid point in the Euro swap market and it is based on a long-term equilibrium rate of historical data. The life policy liabilities for foreign operating companies are generally calculated based on discounting at the interest rate guaranteed for the product or in some cases based on projected returns on related investments.

Achmea tests the adequacy of the recognised insurance liabilities and related assets at each reporting date (see Accounting policies and Liabilities related to insurance contracts). The test considers current estimates of all contractual cash flows of the insurance liabilities, which are discounted for the life business and certain insurance contracts within the non-life business (disability insurance). The curve used for the adequacy test of the relevant non-life policies is based on the tariff bases: the curve used for life policies is based on the Euro Swap Curve, including an adjustment for credit risk, a country premium and an illiquidity premium, extrapolated by means of a UFR. This UFR is equal to the UFR used for the Solvency II calculation at the same reporting date (year-end 2021: 3,6%, year-end 2020: 3.75%). To assess the adequacy Achmea uses the most recent mortality tables, AG2020, adjusted for the specific nature and composition of Achmea's insurance base.

The adequacy of the insurance liability for personal injury within Non-Life is assessed twice a year.

Insurance liabilities also include the impact of minimum guarantees which are included in certain insurance contracts. The valuation of these guarantees depends on the difference between the potential minimum benefits payable and the total account balance, expected mortality and surrender rates. The determination of the potential minimum benefits payable also involves the use of assumptions on inflation, investment returns, policyholder behaviour, and mortality and morbidity trends. The use of different assumptions on these factors could have an effect on insurance liabilities and Net expenses from insurance contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Covid-19
With respect to the Liabilities related to insurance contracts in the Non-Life Netherlands segment, the impact of Covid-19 will partly be determined by the nature and duration of government measures, as estimated on 31 December 2021. For this reason, the cost of claims patterns may differ from historic data in terms of amounts and timing. The same applies to income protection insurance, for which the cost of claims will depend on the long-term effects of Covid-19 on the expected sickness and recovery of policyholders. Achmea has made assumptions and estimates with regard to the aforementioned points and in its measurement of the Liabilities related to insurance contracts. At present, it is not possible to make an exact determination of the future effects of Covid-19, which means that the eventual outcomes may differ from these assumptions and estimates.

The Provision for unexpired risks for Health includes the pre-calculated negative result on the basic health insurance for 2022. This provision is determined based on the best estimate of future costs of claims, earned premiums, settlement contributions, investment income and operating expenses. This also takes into account a number of specific schemes that came into effect as a result of Covid-19. A key uncertainty concerns the further course of Covid-19 and its impact on costs of claims in 2022.

The claim patterns that form the basis for the estimation of the Outstanding claims (including IBNR) for Health at year-end 2021, to a lesser degree than in 2020, were disrupted by additional expenses relating to Covid-19, the agreed continuity contributions with health insurers and drop-outs from Health. The effects of this were thoroughly analysed in detail for each medical expenses segment and included in the estimation process. For the claim year 2021, health insurers and hospitals have agreed on contract premiums, which reduces the estimation uncertainty resulting from Covid-19 compared to a regular claims year.

The expensive medicines are not part of the contract price and are reimbursed on a post-calculation basis. For mental healthcare, the claim years 2020 and 2021 are relatively uncertain due to the impact that Covid-19 may have on demand for health care and claims. For the first-line segments (e.g. general practitioners and district nursing), a sufficient number of declarations is available to make a good prognosis. The uncertainty in this segment is therefore limited.

Determination of contributions and benefits from the emergency and solidarity scheme
The Covid-19 pandemic has been designated a catastrophe within the meaning of Section 33 of the Health Insurance Act (emergency scheme). This ensures an additional contribution from the health insurance equalisation fund, provided that the total medical expenses resulting from the Covid-19 pandemic exceed certain thresholds for a period of two years (2020 and 2021). In addition, health insurers have agreed to compensate the consequences of Covid-19 by means of a solidarity scheme. This scheme ensures a proportional division of the catastrophe burden and the catastrophe contribution between the health insurance companies.

The income and expenses arising from the emergency scheme are partly settled between health insurers. The estimation of the catastrophe burden, the catastrophe contribution and the amount of the mutual settlement under the solidarity scheme is subject to the following main uncertainties:

- For 2021, no information is available from hospitals to identify the complete number of individual Covid-19 patients. In addition, information on the healthcare costs is more limited as compared to 2020. For 2021, the estimation of costs and contribution is mainly based on macro data.
- Not all Covid-19 reimbursements have yet been approved by Zorginstituut Nederland (ZIN) as ‘to be included into the emergency scheme’.
- In order to help healthcare providers cover the ongoing and additional costs resulting from Covid-19, various arrangements have been made for Continuity Contributions and Additional Expenses. In the balance sheet at year-end of 2021, a best estimate is included as part of the Liabilities related to insurance contracts. It is possible that medical expenses related to these schemes will manifest themselves after the 2021 financial statements have been adopted as a result of post-calculations and claims for hardship clauses that may be made at a later date but the extent of which cannot be estimated (fully) reliably at present.
- The further course of Covid-19 may have a material impact on the expected Covid-19 damages and possible loss of demand for regular health care. As of 1 January 2022, the emergency scheme (Section 33 of the Health Insurance Act) no longer applies and Covid-19 costs and regular costs both fall under the regular risk equalisation.
- Hospitals and health insurers make individual agreements regarding the reimbursement of regular care and catch-up of postponed care in 2022. It is possible that (future) national agreements on the financing of catch-up care, additional costs of Covid-19 and care cancellation will be made for even more sectors. In addition, (future) agreements can still be made regarding the distribution of (additional) costs for 2022 between health insurers.

The uncertainties outlined in respect of the 2021 result are offset by the effects of the mitigating measures of the emergency scheme and the solidarity agreements for 2021. These schemes have a mitigating effect at national level. At individual insurer level, the effects of these schemes may differ.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES LIABILITIES RELATED TO INSURANCE CONTRACTS

General measurement principles
Insurance contracts are defined as contracts that transfer significant insurance risk. Insurance risk exists if a scenario exists that has commercial substance under which, based on an insured event, additional payments have to be made. Insurance risk is considered significant if the payment on occurrence of an insured event differs at least 10% from the payment if the event does not occur. Options, guarantees and derivatives embedded in an insurance contract that do not bear any insurance risk on their own and that are not closely related to the host insurance contract are separately recognised as a derivative. Options and guarantees that are closely related to the insurance contract are included in the measurement of Insurance liabilities.

For participations in underwriting pools, co-insurance or guarantee fund agreements an amount equal to the share in these agreements, generally measured based on the specific provisions in these agreements, is recognised. The information used is received from the management of these agreements.

Achmea tests the adequacy of the recognised insurance liabilities and related assets at each reporting date (Value of Business Acquired (VOBA)), refer to the note with regard to Note 12 Intangible assets, and deferred acquisition costs, refer to Note 16 Receivables and accruals) and more often if deemed necessary. The test considers current estimates of all contractual cash flows of the insurance liabilities, including expected cost for claim handling, guarantees and embedded options. If the test shows that the insurance liabilities are inadequate, the recognied VOBA will be lowered against the Income Statement first, and then the accrued acquisition costs. Any remaining deficit is either compensated first by reductions of deferred acquisition costs or ultimately by increasing the related insurance liabilities.

Profit sharing and bonuses for policyholders (Non-life)
A provision is made for any profit share that policyholders or beneficiaries are entitled to. Vested rights that have not yet been credited to policyholder accounts are included in the provision for profit sharing and bonuses for policyholders. The provision includes amounts allocated under the relevant local statutory or contractual regulations to the account of policyholders.

Provision for unwinding of discount insurance liabilities (Life)
The Provision for insurance liabilities includes amounts arising from the fair value measurement of certain investments related to insurance contract liabilities whose cash flows are based on fixed ('locked') assumptions. These are investments in fixed-income securities measured at fair value and derivatives held to mitigate interest rate risk inherent in the related insurance liabilities. Realised and unrealised gains and losses relating to the valuation of these investments are transferred to the Provision for discounting of insurance liabilities. The effect of this provision is that the total value of these insurance contract liabilities (i.e. Provision for life insurance and Provision for discounting of insurance liabilities jointly) fluctuates with current interest rates. Additions to and withdrawals from the Provision for discounting of insurance liabilities result from transfers from the investments and are accounted for as follows:

- Unrealised revaluations of related interest rate derivatives through the Income Statement;
- Unrealised revaluation of related fixed-income securities through Total equity (for instruments classified as Available for sale) or Income Statement (for instruments classified as 'Fair value through Profit and Loss');
- Realised revaluation of related fixed-income securities through the Income Statement (sales results of instruments classified as 'Available for sale').

The release from the Provision for discounting of insurance liabilities is determined as the difference between the direct investment income from the related fixed-income securities and the interest required for the insurance liabilities, taking into account a margin. The transfer of (un)realised gains and losses on related investments to the Provision for discounting of insurance liabilities will no longer take place if the Provision for discounting of insurance liabilities were to become negative. If the Provision for discounting of insurance liabilities subsequently becomes positive (due to positive changes in the value of related investments), the aforementioned transfers to the Provision for discounting of insurance liabilities will be continued.

Provision for unearned premiums (Health and Non-life)
Gross written premiums attributable to income of future periods are accrued in the Provision for unearned premiums. The Provision for unearned premiums is determined in proportion to the remaining duration of the contract.

Provision for unexpired risks (Health and Non-life)
The Provision for unexpired risks is calculated for each insurance portfolio on the basis of estimates of future claims, costs, premium earned and proportionate investment income. For insurance policies covering a risk which increases during the duration of the policy of which premium rates are independent of age, this risk is taken into account in determining the provision.

Outstanding claims provision including incurred but not reported claims (Health and Non-life)

The Outstanding claims provision relates to insurance claims that have not been settled at reporting date. The provision is determined either case-by-case or statistically. The provision also includes amounts for incurred but not reported claims at reporting date.

The Outstanding claims provision is based on estimated expected claims payments. Waiting periods are taken into account when determining the provision for disability insurance. An average term is taken into account for the probability of rehabilitation. For some risks no adequate statistical data are available, such as environmental and asbestos damage claims and large-scale individual claims, because some aspects of these types of claims are still evolving. Provisions for such claims have been determined following an analysis of the portfolio in which such risks occur.

In determining the provision, costs for claim handling are taken into account. No deductions are made for salvage, subrogation and other expected recoveries from third parties for reported claims. These are accounted for under non-insurance assets acquired by exercising rights to recoveries, as part of Receivables and accruals.

Expected claim payments included in the Outstanding claims provision are not discounted except for the expected claim payments under disability insurance contracts. For this type of insurance contracts the provision reflects the present value of the expected claim payments, calculated on the basis of a fixed interest rate (3%).

Provision for life policies

Liabilities related to insurance contracts for traditional life insurance contracts are established by the net-level premium method and based on the actuarial and economic assumptions (e.g. to morbidity -, mortality -, and interest rates). Different accounting principles are used to measure the life policy liabilities based on the accounting principles of related (financial) assets, the specific nature of the insurance portfolios, profit sharing features and embedded options.

- Liabilities related to insurance contracts measured at fair value. All assumptions used are based on actual assumptions and current market interest rates. Fair value changes are recognised in the Income Statement. The related financial investments are classified as 'At fair value through profit or loss'.
- Liabilities related tot insurance contracts whose cash flows are based on locked assumptions and are discounted using current market-based interest rates or using (projected) market return of related financial investments. Changes in the value of these insurance liabilities are recognised in the Income Statement. The related financial investments are classified as 'At fair value through profit or loss'.
- Liabilities related to insurance contracts whose cash flows are based on fixed (‘locked’) assumptions and are discounted at fixed rates (usually 3% or 4% depending on the effective date of the contract). For the Dutch life insurance industry, a Provision for discounting of insurance liabilities is maintained as part of the insurance liabilities for the change in value of certain investments held to hedge the interest rate risk of these insurance liabilities.
- Liabilities related to insurance contracts whose cash flows are directly influenced by profit sharing features are adjusted through the application of shadow accounting. Unrealised fair value changes of investments (classified as 'Available for sale') backing these insurance liabilities are transferred to Total equity. The related change in the value of the insurance liabilities is also included in the Total equity.

The provision for unearned premiums, provision for unexpired risks and provision for outstanding claims/benefits are included to the extent that these relate to the life insurance business.

Insurance liabilities where policyholders bear investment risks

Liabilities related to insurance contracts for unit-linked policies and other insurance contracts where the policyholder bears the investment risk are accounted for at the value of the associated investments. The insurance liabilities related to insurance contracts for contracts with segregated investments are generally calculated on the basis of the contractual provisions for the insurance contract. In case of a surplus of these segregated assets, the amounts are recognised as Financial liabilities - *Other liabilities*.

Amounts ceded to reinsurers

Reinsurance premiums ceded and reinsurance recoveries on benefits and claims incurred are deducted from the respective income and expense accounts. Prepaid reinsurance premiums represent the ceded portion of unearned premiums. Amounts recoverable from reinsurance are estimated in a manner consistent with the claim liability associated with the reinsured risk. An impairment loss is accounted for if there is objective evidence as a result of an event that Achmea will not receive all amounts due under the contract and this amount can be measured reliably. Accordingly, revenues and expenses related to reinsurance agreements are recognised consistently with the underlying risk of the business reinsured.

Adequacy of insurance liabilities

The adequacy is assessed at the level of activities related to Non-life insurance, Health insurance and Life insurance. These activities are designed according to the risk profile of the underlying insurance contracts.

For the Non-Life Insurance entities, the adequacy test is carried out at entity level.

The Health Insurance activities are assessed at the level of the Dutch health care activities collectively, as well as at entity level for the foreign health portfolios.

Life insurance comprises Achmea Pensioen- en Levensverzekeringen N.V., the Life portfolio of Achmea Reinsurance Company N.V. and the life and pension portfolios of the foreign entities, including insurance contracts concluded under license from the life company. The assessment of the adequacy of the insurance liabilities and related assets does not give rise to an addition to the provision to be recorded through Achmea’s result.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. FINANCIAL LIABILITIES

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Investment contracts	226	224
Banking customer accounts	6,745	6,641
Loans and borrowings	5,653	6,563
Operational Leases	147	169
Other liabilities	7,312	6,967
Total financial liabilities	**20,083**	**20,564**

Investment contracts

Contracts with insignificant insurance risk are recognised as Investment contracts. The linked investments are presented as part of Investments backing linked liabilities.

MOVEMENT TABLE INVESTMENT CONTRACTS (€ MILLION)

	2021	2020
Balance at 1 January	224	234
Consideration received	50	71
Consideration paid	–57	–82
Effect of fair value changes related to financial assets	9	1
Balance at 31 December	**226**	**224**

ANALYSIS BY CONTRACTUAL REMAINING TIME TO MATURITY (€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Within 1 year	9	11
1-5 years	29	35
5-15 years	13	16
Over 15 years	175	162
	226	**224**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Banking customer accounts

ANALYSIS BY CONTRACTUAL REMAINING TIME TO MATURITY (INCLUDING ACCRUED INTEREST) (€ MILLION)

	BANKING CUSTOMER ACCOUNTS	INTEREST PAYMENTS	TOTAL 31 DECEMBER 2021	BANKING CUSTOMER ACCOUNTS	INTEREST PAYMENTS	TOTAL 31 DECEMBER 2020
Less than 3 months	4,427	8	4,435	4,141	9	4,150
3-12 months	331	18	349	410	18	428
1-5 years	1,168	90	1,258	1,200	108	1,308
Over 5 years	819	130	949	890	163	1,053
	6,745	**246**	**6,991**	**6,641**	**298**	**6,939**

The fair value of Banking customer accounts measured at amortised cost at year-end is €6,906 million (31 December 2020: €6,824 million).

Loans and borrowings

LOANS AND BORROWINGS CLASSIFIED BY FINANCING ACTIVITY (€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Secured bank loans	2,228	1,851
Unsecured loans	2,612	3,572
Subordinated loans	749	749
Others	64	391
	5,653	**6,563**

The fair value of loans and borrowings measured at amortised cost at year-end is €5,684 million (31 December 2020: €6,656 million). The amortised value of these loans and borrowings is €5,666 million (31 December 2020: €6,561 million).

The nominal amount of loans measured at fair value is €1 million (31 December 2020: €2 million). The fair value also amounts to €1 million (31 December 2020: €2 million).

MOVEMENT TABLE LOANS AND BORROWINGS 2021[1] (€ MILLION)

	SECURED BANK LOANS	UNSECURED LOANS	SUBORDINATED LOANS	OTHER	TOTAL 2021
Balance at 1 January	1,851	3,572	749	391	6,563
Money deposited	490	1,674		109	2,273
Money withdrawn	−71	−2,640		−436	−3,147
Amortisation	3	−2			1
Foreign currency differences		17			17
Change in value due to fair value hedge accounting	−45	−9			−54
Balance at 31 December	**2,228**	**2,612**	**749**	**64**	**5,653**

1 Loans and borrowings include all capital and financing arrangements related to banking activities.

MOVEMENT TABLE LOANS AND BORROWINGS 2020[1] (€ MILLION)

	SECURED BANK LOANS	UNSECURED LOANS 2	SUBORDINATED LOANS	OTHER	TOTAL 2020
Balance at 1 January	1,870	3,103	755	155	5,883
Money deposited	500	1,425		378	2,303
Money withdrawn	−537	−952	−6	−200	−1,695
Amortisation		−5			−5
Change in value due to fair value hedge accounting	18	1			19
Reclassification				58	58
Balance at 31 December	**1,851**	**3,572**	**749**	**391**	**6,563**

1 Loans and borrowings include all capital and financing arrangements related to banking activities.
2 Loans and borrowings include the issuance (€743 million) and repayment (€750 million) of loans are included in the amounts on the 'Amounts Borrowed' and 'Amounts Repaid' lines. See also the Cash Flow Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ANALYSIS BY CONTRACTUAL REMAINING TIME TO MATURITY

(€ MILLION)

	LOANS AND BORROWINGS	INTEREST	TOTAL 31 DECEMBER 2021	LOANS AND BORROWINGS	INTEREST	TOTAL 31 DECEMBER 2020
Less than 3 months	387	3	390	1,124	24	1,148
3-12 months	1,050	19	1,069	732	17	749
1-5 years	2,700	44	2,744	3,157	56	3,213
Over 5 years	1,516	15	1,531	1,550	7	1,557
	5,653	**81**	**5,734**	**6,563**	**104**	**6,667**

Secured loans

The banking activities of Achmea are partly funded by loans secured by pledged mortgage receivables. With respect to this Achmea Bank issues debentures through separate entities (SPVs), through its Conditional Pass Through Covered Bond Programme and its Soft Bullet Covered Bonds programme In case of the SPVs Achmea Bank transfers the mortgages to the SPV, and the SPV issues bonds covered by the residential mortgages. Under the Conditional Pass Through Covered Bond Programme and the Soft Bullet Covered Bonds programme, both with a maximum up to €5 billion, Achmea Bank issues bonds covered by residential mortgages. All debentures are issued in euro. Achmea Bank also has a trust arrangement under which mortgage receivables are pledged to Stichting Trustee Achmea Bank as security for several banking liabilities. The carrying amount of these residential mortgage loans is €5.1 billion (31 December 2020: €3.3 billion).

In 2021 Achmea repaid an amount of €71 million in Secured loans. The main part of these were the periodic repayments of SPVs at Achmea Bank N.V.

In September 2021, Achmea Bank N.V. placed €500 million in Soft Bullet Covered Bonds with a maturity of 15 years (maturity date is 29 September 2036). The bonds are listed on Euronext Amsterdam. The coupon on this loan is 0.25%.

Unsecured loans and borrowings

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Senior Unsecured Bond Achmea Bank N.V.	1,397	2,148
Commercial Paper	470	681
Debt instruments Achmea B.V.	745	743
	2,612	**3,572**

In October 2012, Achmea Bank N.V. established an Unsecured Medium Term Note (EMTN) programme of €10 billion. At year-end 2021 the total outstanding amount is €1.4 billion, of which €345 million Private Placements (31 December 2020: €350 million). During 2021 a repayment of €750 million took place (2020: €35 million).

In 2013, Achmea Bank N.V. also set up a €1.5 billion French commercial paper programme of €1.5 billion. With this programme Achmea Bank N.V is able to access the international money markets to further diversify its funding mix. At the end of 2021 the total outstanding amount is €470 million (31 December 2020: €681 million).

In May 2020 Achmea B.V. completed the issuance of an unsecured loan of €750 million (Senior Unsecured Notes, transaction costs are included in the carrying amount). This loan has a maturity of 7 years (maturity date is 26 May 2027) and is listed on Euronext Dublin, Ireland. The coupon on this loan is 1.5%. This loan replaces the loan issued by Achmea B.V. in November 2013 for an amount of €750 million with a coupon of 2.5%, which was repaid in November 2020.

The syndicated credit facility of Achmea B.V. has a maximum size of €1 billion. In 2020 and 2021 the duration of this facility was extended to 2025 respectively 2026. In 2021 and 2020, the committed credit lines were undrawn.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Subordinated loans

In April 2013, Achmea B.V. issued €500 million of Subordinated Notes with a coupon of 6%. These Subordinated Notes have a maturity of 30 years (maturity date is 4 April 2043) with a first call option after 10 years. The Notes are listed at Euronext Dublin, Ireland.

In addition, Achmea B.V. issued €250 million of Subordinated Notes in September 2019 with a coupon of 2.5%. These Subordinated Notes have a maturity of 20 years (maturity date is 24 September 2039). The Notes are listed at Euronext in Dublin, Ireland.

The subordinated loans are subordinated to all other current and future liabilities and they are all equal in rank. The average interest rate for 2020 was 3.17% (2020: 3.17%).

Lease liabilities

The duration of Lease liabilities is as follows:

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Shorter than 1 year	23	26
Between 1 and 5 years	74	80
More than 5 years	50	63
Balance at 31 December	**147**	**169**

In the valuation of the lease liabilities non-lease components (for example, service costs) amounting to €9 million (2020: €9 million) have not been taken into account.

Other liabilities

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Liabilities out of direct insurance:		
Policyholders	1,362	1,164
Agents	89	77
Prepaid premiums	716	678
Obligation from received collateral in the form of cash[1]	2,679	2,888
Investment liabilities[2]	1,574	1,198
Reinsurance liabilities	80	62
Taxes and social security premiums	176	200
Creditors	114	193
Post-employment benefits	34	31
Accruals and deferred income	185	189
Other	303	287
	7,312	**6,967**

1 Obligation from received collateral in the form of cash relates to cash collateral amounts received by Achmea depending on the current value of the derivative. Achmea uses the cash received for investments.

2 Investment liabilities include the minority interest of €1,526 million as a result of the consolidation of certain investment pools. These pools are consolidated by Achmea Pensioen- en Levensverzekeringen N.V. because they are controlled based on IFRS 10.

An amount of €510 million (31 December 2020: €469 million) of the Other liabilities is expected to be settled more than twelve months after reporting date. For Other liabilities expected to be settled within twelve months after reporting date the carrying amount is a reasonable approximation of the fair value. The fair value of liabilities expected to be settled after twelve months after the reporting amounts to €564 million as at 31 December 2021 (31 December 2020: €409 million).

The remittance relating to the solidarity scheme amounts to €2 million and concerns a debt to other Dutch health insurers. Further information on the solidarity scheme is provided in Note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FAIR VALUE OF FINANCIAL KEY (ACCOUNTING) ESTIMATES TO DETERMINE THE LIABILITIES

In the absence of an (active) market, the fair value of non-quoted financial liabilities is estimated by using present value or other valuation techniques. Reference is made to Note 8 Fair value hierarchy for a detailed description of the methods used. Valuation techniques are subjective in nature and can have a significant impact on the determination of fair values for certain financial liabilities. Valuation techniques involve various assumptions on the pricing factors. The use of different valuation techniques and assumptions could have an effect on the fair value.

ACCOUNTING POLICIES FINANCIAL LIABILITIES

Investment contracts

Financial instruments which give the investor the contractual right to receive a part of the proceeds of an investment pool with no or insignificant insurance risk are recognised as Investment contracts. Investment contracts are measured at fair value with changes in fair value through the Income Statement. These contracts are designated as 'At fair value through profit or loss' because they are, together with the related investments backing these liabilities, managed as a group. The fair value of investment contracts is the higher of the fair value of the financial instruments linked to the investment contracts, the surrender value (adjusted for any surrender penalties) and the discounted maturity value (against a risk-free interest rate). The fair value for non-linked investment contracts is the higher of the discounted exit value using a risk-free interest rate or the surrender value (adjusted for surrender penalties).

Banking customer accounts and Loans and borrowings

Banking customer accounts are measured at amortised cost. Loans and borrowings include all loans from external parties to Achmea, financial lease liabilities and financial reinsurance liabilities. These consist of deposits from banks, secured banks loans, unsecured bank loans and subordinated loans. These liabilities are measured at amortised cost. Collateral received from borrowers as far as this is invested in the securities lending programmes is recognised as a financial liability as there is an obligation to repay the cash received as collateral. These liabilities are measured at amortised cost. As no premiums or discounts are received on the collateral, the amortised cost equals the nominal value.

Fair value hedge accounting is applied to some loans when this is in accordance with the financial risk management policy. Some financial liabilities are designated as 'At fair value through profit or loss' when these liabilities are recognised due to the termination of insurance contracts and the future sale of related financial assets to reduce measurement inconsistencies.

Lease liabilities

Upon initial recognition the lease liabilities are valued based on the present value of the lease payments that have not yet been paid upon commencement of the lease. The discount rate is either the interest percentage implicit in the lease or, if this cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is based on a risk-free curve and if applicable a premium is added for credit standing and lease-specific aspects.

Lease payments related to short-term leases for equipment and vehicles and all leases for low-value assets are recognised as expenses in the income statement on a straight-line basis. Short-term leases are leases with a lease term of 12 months or less. Low-value assets include IT equipment and office furniture.

Lease payments that are taken into account in valuing lease liabilities are comprised of fixed lease payments, variable lease payments (for example dependent on an index), liabilities for the residual value of guarantees, the expected value of the exercise of purchase options and any penalties for early termination.

The lease liabilities are valued at amortised cost using the effective interest method. The value of the lease liability is remeasured in the event of changes in the future lease payments. If the right-of-use asset still has a carrying amount at the time of revaluation, a corresponding adjustment will be made to the carrying amount of the right-of-use asset. If the carrying amount is already zero, the revaluation will be recognised in the Income statement.

Other liabilities

Other liabilities are accounted for at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. FAIR VALUE HIERARCHY

Fair value hierarchy and fair value measurement

This note provides an analysis of assets and liabilities that are measured subsequently to initial recognition at fair value, grouped into three levels (fair value hierarchy) based on the significance of the inputs used in making the fair value measurements. The levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets and liabilities valued using quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in markets that are considered less than active or valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant non-observable inputs. This category includes all assets and liabilities where the valuation technique includes inputs not based on observable data and the non-observable inputs have a significant effect on the valuation of the assets or liability, such as investment property, venture capital investments, private equity investments, private sector loans, mortgages loans and advances which are part of the Banking credit portfolio.

Cash and cash equivalents are classified as level 1 when not subject to restrictions. Commercial paper, included within Deposits with credit institutions, is classified as level 1, due to the fact that these are traded in money markets. Other deposits with credit institutions are in general classified as level 2, as these are not traded and subject to restrictions.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 31 DECEMBER 2021

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Recurring fair value measurements				
Investment property			1,028	1,028
Investments				
Equities and similar investments	6,076	282	852	7,210
Fixed income investments	30,683	3,664	8,967	43,314
Derivatives	98	6,419		6,517
Other financial investments	769	7,413		8,182
Cash and cash equivalents	1,569			1,569
Total assets measured at fair value on a recurring basis	**39,195**	**17,778**	**10,847**	**67,820**
Non-recurring fair value measurements				
Property for own use and equipment			473	473
Total assets measured at fair value on a non-recurring basis			**473**	**473**
Liabilities				
Recurring fair value measurements				
Financial liabilities				
Investment contracts		226		226
Loans and borrowings		1		1
Derivatives	5	1,422		1,427
Total liabilities measured at fair value on a recurring basis	**5**	**1,649**		**1,654**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 31 DECEMBER 2020

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Recurring fair value measurements				
Investment property			973	973
Investments				
Equities and similar investments	5,200	725	713	6,638
Fixed income investments	31,853	3,237	8,747	43,837
Derivatives	2	9,171		9,173
Other financial investments	686	7,327		8,013
Cash and cash equivalents	2,184			2,184
Total assets measured at fair value on a recurring basis	**39,925**	**20,460**	**10,433**	**70,818**
Non-recurring fair value measurements				
Property for own use and equipment			551	551
Total assets measured at fair value on a non-recurring basis			**551**	**551**
Liabilities				
Recurring fair value measurements				
Financial liabilities				
Investment contracts		224		224
Loans and borrowings		2		2
Derivatives	1	2,850	19	2,870
Total liabilities measured at fair value on a recurring basis	**1**	**3,076**	**19**	**3,096**

Main changes in the fair value hierarchy in 2021

At each reporting date Achmea assesses the classification of assets and liabilities measured at fair value. The assessment of the classification in the fair value hierarchy requires judgement, for example the importance of (un)observable inputs used in determining the fair value or with respect to activity of the market. In case of inactive markets, judgement is required on the valuation techniques to be used in order to determine the fair value as well as the interpretation of the level of using market data. As a result, the outcome of the classification process may differ between reporting periods. Achmea's policy is to determine the level of the fair value hierarchy each reporting period and to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between level 1 and 2 for recurring valuations at fair value during the year. See the next page for transfers from and to level 3 measurements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT SCHEDULE FOR LEVEL 3 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS 2021

(€ MILLION)

	INVESTMENT PROPERTY	EQUITIES AND SIMILAR INVESTMENTS	FIXED INCOME INVESTMENTS	ASSETS TOTAL 2021	DERIVATIVES	LIABILITIES TOTAL 2021
Balance at 1 January	**973**	**713**	**8,747**	**10,433**	**19**	**19**
Investments and loans granted	32	174	1,214	1,420		
Divestments and disposals	−99	−170	−955	−1,224	−18	−18
Fair value changes included in Income Statement	122	1	−2	121	−1	−1
Fair value changes included in Other comprehensive income		122	−37	85		
Changes in fair value hierarchy (transfers to Level 3)		12		12		
Balance at 31 December	**1,028**	**852**	**8,967**	**10,847**	**0**	**0**

MOVEMENT SCHEDULE FOR LEVEL 3 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS 2020

(€ MILLION)

	INVESTMENT PROPERTY	EQUITIES AND SIMILAR INVESTMENTS	FIXED INCOME INVESTMENTS	ASSETS TOTAL 2020	DERIVATIVES	LIABILITIES TOTAL 2020
Balance at 1 January	**1,104**	**718**	**8,128**	**9,950**	**18**	**18**
Investments and loans granted	14	73	1,398	1,485		
Divestments and disposals	−145	−60	−829	−1,034		
Fair value changes included in Income Statement	−1	9	−4	4	1	1
Fair value changes included in Other comprehensive income		−22	49	27		
Changes due to reclassification	1	−5		−4		
Changes in fair value hierarchy (transfers to Level 3)			5	5		
Balance at 31 December	**973**	**713**	**8,747**	**10,433**	**19**	**19**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SIGNIFICANT UNOBSERVABLE INPUTS FOR LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE AT 31 DECEMBER 2021

DESCRIPTION	FAIR VALUE IN MILLIONS	VALUATION TECHNIQUE USED	UN-OBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investment property	1,028	Market-rent-capitali-sation-method	Gross Initial Yield	3.0 - 10.0 (5.2) (%)	Increase will result in a decrease in value
Investments					
Equities and similar investments	852	Net Asset Value	N/A	N/A	N/A
Fixed income investments					
Own account	8,822	Discoun-ted cash flows	Total spread	118 - 356 (bp)	An increase has no direct impact in the Income statement or total equity, but is transferred to the Provision for discounting of insurance liabilities through a direct adjustment in equity.
Banking credit portfolio	145	Discoun-ted cash flows	Total spread	56-170 (bp)	An increase of 10 basis points will result in a €0.4 million lower income in the Income statement
Derivatives	0	Black Scholes model	Under-lying value of the shares	N/A	N/A

SIGNIFICANT UNOBSERVABLE INPUTS FOR LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE AT 31 DECEMBER 2020

DESCRIPTION	FAIR VALUE IN MILLIONS	VALUATION TECHNIQUE USED	UN-OBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investment property	973	Market-rent-capitali-sation-method	Gross Initial Yield	3.4 - 18.3 (6.1) (%)	Increase will result in a decrease in value
Investments					
Equities and similar investments	713	Net Asset Value	N/A	N/A	N/A
Fixed income investments					
Own account	8,576	Discoun-ted cash flow	Total spread	120 - 352 (bp)	An increase has no direct impact in the Income statement or total equity, but is transferred to the Provision for discounting of insurance liabilities through a direct adjustment in equity.
Banking credit portfolio	171	Discoun-ted cash flow	Total spread	133 - 258 (bp)	An increase of 10 basis points will result in a €0.5 million lower income in the Income statement
Derivatives	19	Black Scholes model	Under-lying value of the shares	N/A	An increase of 10% will result in a €3.0 million higher income in the Income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Equities and similar investments mainly consist of private equity investment portfolio, amounting to €257 million (31 December 2020: €248 million), property funds, amounting to €449 million (31 December 2020: €323 million), and infrastructurefunds, amounting to €115 million (31 December 2020: €109 million). The private equity investments have a highly diversified nature in terms of sector, geographical region and type of investment. For the main part of these investments, the fair value is determined using the Net Asset Value as reported by the fund manager or general partner and therefore, there is no significant unobservable input or combination of inputs that can be used to perform a sensitivity analysis

VALUATION TECHNIQUES USED AND VALUATION PROCESS WITHIN ACHMEA FOR LEVEL 2 AND 3 MEASUREMENTS.

Depending on the specific assets and liabilities Achmea has set valuation policies and procedures for determining the fair value. Below, for each type of assets or liability a summary is provided of the valuation process, a description of the technique used and the relevant inputs Covid-19 has increased the uncertainty concerning the measurement of the fair value of a number of balance sheet items, particularly balance sheet items whose fair value is influenced to a significant extent by Achmea's own assumptions and estimates (in the absence of market input). The uncertainty is connected with the increased bandwidth within which assumptions and estimates can fluctuate due to the financial/economic impact of Covid-19. Further information can be found in the notes to the relevant balance sheet items.

Investment property
Investment property consists of commercial and residential property. The fair value is based on prices in an active market, adjusted, if necessary, for any difference in nature, location or condition of the specific asset. All properties are appraised each quarter. The valuations are carried out by external independent appraisers who hold recognised and relevant professional qualifications. All valuations are carried out following valuation guidelines common in the industry. The valuations as at 31 December 2020 did not take into account (in accordance with sector agreements) the change in transfer tax rate that applied as of 1 January 2021. Based on its own additional analyses, Achmea did not identify any reason to reconsider the valuations of the external appraisers.

The level 3 Investment property are located in the Netherlands. The fair value of this Investment property is determined using the income capitalisation method and is tested using the DFC method. According to the income capitalisation method a property's fair value is estimated based on the normalised rental income, which is divided by the property's updated rate of return (the market rate of return). The difference between gross and net rental income includes the same expense categories as those for the DCF method with the exception that certain expenses are not allocated to the period of the cash flow, but the average costs are included in the normalised rental income based on the term of the lease.

For the DCF method the fair value of the Investment property is determined based on estimates of future cash flows using a discount rate that reflects current market assessments of the uncertainty on the amount and timing of the cash flows. Transactions of properties sold in the Netherlands cannot (easily) be compared due to the lack of public available information. For this reason, the valuation of investment property has a higher degree of uncertainty compared to a more active market situation, where comparable, current transactions are used to validate the appraisal process. The assumptions used in applying the abovementioned valuation methods are supported by the terms of any existing lease and other relevant contracts and by external evidence, such as recent and expected general economic trends and current market rents for similar properties in similar location and condition. Common costs and obligations related to investment property such as vacancies, rent-free periods, maintenance and repair as well as any obligations that restrict the feasibility of the income and proceeds on disposal of the property are taken into account in the DCF-method. Rental growth rates are based on general economic trends, taking into account specific characteristics of the property being valued. Projections for the cash flows in the DCF-method are made for at least 10 years. The discount rate used depends on both the type of property being valued (e.g. commercial and residential property) as well as the specific characteristics of the property being measured. Due to the characteristics of the inputs for both valuation methods used all Investment Property located in the Netherlands is classified as level 3.

Investments - Equity and similar investments
When available, Achmea uses quoted market prices in active markets to determine the fair value of its equities and similar investments. The fair values of investments held in non-quoted investment funds are determined by management after taking into consideration information provided by the fund managers. If no market prices are available, internal models are used to determine fair value.

The level 2 classified Equities and similar investments are mainly Investments backing linked liabilities, which comprise mostly investments in unit linked funds. Investments backing linked liabilities are investments related to insurance contracts where the policyholder bears investment risks. These investments are classified as 'At fair value through profit and loss'. The fair value of the investments in unit linked funds is Achmea's share in the Net Asset Value of these funds. These unit linked funds invest primarily in listed securities and therefore the Net Asset Value of the fund is derived from observable input (e.g. quoted prices in active markets for these securities).

The remaining level 2 classified Equities and similar investments comprise Commodities and Real estate funds. The fair value of Commodities, classified as 'At fair value through profit or loss', represents amounts estimated to be received from or paid to a third party in settlement of these instruments. These instruments are valued by the broker based upon quoted prices in active markets. The fair value of Real estate funds, classified as 'Available for Sale' investments, represents the Net Asset Value of funds managed by Achmea. Achmea reviews these fair values and performs analytical procedures and trend analysis to ensure the fair values are appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The level 3 classified Equities and similar investments comprise private equity and alternative investments which are mainly classified as 'Available for Sale' investments. The private equity investment portfolio mainly consists of investments with a highly diversified nature in terms of sector, geographical region and type of investment. The alternative investment portfolio, classified as 'Available for Sale' investments, mainly consists of infrastructure related investments. The fair value of these portfolios is determined using the Net Asset Value as reported by the fund manager or general partner, which is considered to be the best proxy of fair value of the investment. If an adjustment needs to be recorded in the reported Net Asset Value, this is reflected in the fair value. Part of the private equity investment portfolio is related to Achmea's venture capital and is classified as 'At fair value through profit or loss'. The pricing models are based on models as recommended in the International Private Equity and Venture Capital Valuation Guidelines. Achmea reviews the valuations and performs analytical procedures to ensure the fair values are appropriate.

Investments - Fixed-income investments
In general, the fair value of these fixed-income investments is determined by means of a net present value methodology using estimated future cash flows, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 2 classified Bonds and other fixed-income investments comprise mainly the bond part of a convertible bond. The related derivative part of the instrument is presented as part of derivatives. In general, the convertible bond is listed and the value of the instrument is therefore market observable. However, for the separate bond-part this is not the case. The fair value is determined by means the valuation of a similar bond with the same characteristics or if not available using a net present value methodology using estimated future cash flows, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 2 classified Loans and mortgages comprise mainly investment loans. The fair value of these investment loans is determined by means of a net present value methodology using an internally calculated yield taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 3 classified Loans and mortgages mainly comprise mortgage loans within the insurance business. The fair value of these mortgages is determined using pricing models based on the discounted value of estimated future cash flows using current interest rates. The interest rate used is based on rates in the consumers market adjusted for spreads for amongst others the price risk during the offering period. Part of assumptions used in determining the fair value are unobservable.

The fair value derived by the pricing model is back tested with market information derived from recent market transactions for similar mortgages (where available) and/or internal prices used when issuing mortgage loans.

The level 2 classified Deposits with credit institutions comprise short-term deposits with banks with a fixed maturity. These deposits are not tradable and subject to restrictions due their fixed maturity. The fair value of these deposits is in general equal to the nominal value taking into account the time value of money were material. The level 2 classified Cash and other financial investments comprise mainly saving accounts, part of Investments backing linked liabilities. The fair value is determined by means of a net present value methodology using estimated future cash flows during the fixed interest period, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 3 classified Banking credit portfolio comprises mainly private sector loans, which are classified as 'At fair value through profit or loss'. The fair value of these loans and advances is determined using pricing models based on the discounted value of estimated future cash flows using current interest rates. The interest rate used is based on rates in the consumers market adjusted for amongst others the price risk during the offering period. Some of the assumptions used in determining the fair value are unobservable. The fair value derived by the pricing model is compared with market information derived from recent market transactions for similar mortgages (where available) and/or internal prices used when issuing mortgage loans.

Investments - Derivatives (assets and liabilities)
The level 2 classified derivatives comprise Interest rate derivatives (including swaptions) currency derivatives and equity derivatives. Where quoted market prices are not available, other valuation techniques, such as option pricing or stochastic modelling, are applied. The valuation is performed by a data vendor. The valuation techniques incorporate all factors that a market participant would consider and are based on observable market data when available. Fair values of interest rate derivatives (including swaptions), equity derivatives and currency derivatives represent amounts estimated to be received from or paid to a third party in settlement of these instruments. These derivatives are valued using directly observed prices from exchange-traded derivatives or external pricing services or if not available using pricing models based on the net present value of estimated future cash flows. The pricing models which are used are standard industry valuation models (like Black and Scholes-model) and make use of current market data. The market data for interest rate derivatives and cross currency interest rate derivatives consist mainly of the swap curve of the related interest period and currency, where applicable adjusted for contract fees and margin (when part of the contractual cash flows of the derivative). Achmea normally mitigates counterparty default risk in derivative contracts by entering collateral agreements into the contracts where possible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Investments - Other financial investments
The level 2 classified Other financial investments comprise mainly saving accounts, part of Investments backing linked liabilities. The fair value is determined by means of a net present value methodology using estimated future cash flows, taking into account current interest rates and the counterparty margin in the discount curve. The counterparty credit surcharge is based on the risk of doubtful debt taking into account the cash flow characteristics of the savings deposits. Depending on these cash flow characteristics and the collateral obtained, the counterparty credit surcharge is determined. For the savings deposits, in the absence of collateral, the counterparty credit surcharge is based on the risk of doubtful debt of similar financial instruments issued by the party where the savings account is held.

Property for own use
The fair value of Property for own use is wholly based on appraisals by independent qualified appraisers. The valuation was determined by reference to both observations in the market and various calculation methods, such as the discounted cash flow method. Reflecting the economic environment and market conditions during the recent years, the frequency of property transactions has decreased. Appraisals are therefore generally based on the discounted cash flow method. This method establishes the fair value using the rental income of the property. The valuators use a market based discount rate adjusted for age, location and remaining rental contract period. Due to the lack of actual market transactions that can be used to validate this appraisal process, the valuation of Property for own use has a high degree of uncertainty. For 100% of the total fair value of Property for own use in the Netherlands an appraisal was executed during 2018.

Financial liabilities - Investment contracts
The level 2 classified investment contracts comprise linked and non-linked investment contracts. The fair value of linked investment contracts is the higher of the fair value of the financial instruments linked to the investment contracts, the surrender value (adjusted for any surrender penalties) and the discounted maturity value. The fair value for non-linked investment contracts is the higher of the surrender value (adjusted for surrender penalties) and discounted exit value (against a risk-free interest rate).

Financial liabilities - Loans and borrowings
The level 2 classified loans and borrowings comprise loans related to value transfers. The fair value of these loans is determined using pricing models based on the value of contractual future cash flows discounted using current interest rates based on the swap curve including a credit spread. Fair value changes related to Investment property and Equities and similar investment included in the Income Statement are presented as part of Realised and unrealised gains and losses; Fair value changes related to Fixed-income investments included in the Income Statement are presented as part of Investment income.

Fair value changes included in Other comprehensive income related to Equities and similar investments and Loans and mortgages are presented as part of Revaluation reserve. Changes due to reclassification are changes between Investment property and Property for own use related to changes in the use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The table below provides an overview of all assets and liabilities that are not measured at fair value, but for which the fair value is disclosed in the notes.

(€ MILLION)

	CARRYING AMOUNT AS AT 31 DECEMBER 2021				FAIR VALUE AS AT 31 DECEMBER 2021
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL INSTRUMENTS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets					
Investments					
Fixed income investments	11,788		572	11,518	12,090
Other financial investments	1,121		1,230		1,230
Receivables	6,175		6,194		6,194
Liabilities					
Banking customer accounts	6,745		6,906		6,906
Loans and borrowings	5,652	1,493	4,191		5,684
Other liabilities	7,312		7,318		7,318

(€ MILLION)

	CARRYING AMOUNT AS AT 31 DECEMBER 2020				FAIR VALUE AS AT 31 DECEMBER 2020
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL INSTRUMENTS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets					
Investments					
Fixed income investments	12,613		688	12,089	12,777
Other financial investments	1,365		1,505		1,505
Receivables	6,166		6,212		6,212
Financial liabilities					
Banking customer accounts	6,641		6,824		6,824
Loans and borrowings	6,561	1,491	5,096		6,587
Other liabilities	6,967		6,974		6,974

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

VALUATION TECHNIQUES USED AND VALUATION PROCESS WITHIN ACHMEA FOR LEVEL 2 AND 3 MEASUREMENTS

Depending on the specific assets and liabilities, Achmea has formulated valuation policies and procedures for determining the fair value. For each type of asset or liability a summary is provided of the valuation process, a description of the technique used and the relevant inputs.

Investments – Fixed-income investments

The fair value of the level 2 classified loans to credit institutions is equal to the net present value of the estimated future cash flows, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 3 classified Banking credit portfolio comprises mainly of private sector loans and advances. These loans are classified as 'Loans and receivables' and measured at amortised cost less accumulated impairment losses. The fair value of these loans and advances is determined based on the discounted value of estimated future cash flows using current interest rates. The interest rate used is based on rates in the consumers market adjusted for spreads for amongst others the price risk during the offering period. Some of the assumptions used in determining the fair value are unobservable.

The level 3 classified Deposits with re-insurers, as part of the fixed-income investments, comprise accounts into which premiums and expected claims payments are deposited related to a specific risk insurance program, over which an agreed upon interest rate is earned. The unobservable inputs include amongst others models used for determining incurred but not reported losses related to the reinsurance contract.

Investments classified as category 2 mainly consist of savings accounts, part of Investments for account and risk of policyholders. The fair value is determined by means of a net present value methodology using estimated future cash flows taking into account current interest rates and the counterparty credit surcharge in the discount curve. The counterparty credit surcharge is based on the risk of doubtful debt taking into account the cash flow characteristics of the savings deposits. Depending on these cash flow characteristics and the collateral obtained, the counterparty credit surcharge is determined. For the savings for which no collateral is obtained, the counterparty credit surcharge is based on the bad debt risk of similar financial instruments issued by the party where the savings account is held.

Receivables

Receivables are in general classified as level 2, due to the fact that the amount deducted for counterparty default risk is insignificant as compared to the fair value of the nominal cash flows of these receivables. If the amount deducted for counterparty default risk is not insignificant, these assets are classified as level 3.

The level 2 and 3 classified Receivables comprise mainly short-term amounts due related to the ordinary operating activities of Achmea. These receivables are measured at amortised cost less accumulated impairment losses.

The fair value of these receivables is determined based on discounted value of the expected cash flows, taking into accounted expected credit losses.

The valuation models are based on current market data, such as the Euro Swap Curve. In addition to the Euro Swap Curve there are unobservable market inputs. The unobservable market inputs may include spreads which are embedded in the discount curve. For receivables expected to be recovered within twelve months after reporting date the carrying amount is a reasonable approximation of the fair value.

Financial liabilities

The fair value of the level 2 classified Banking customer accounts comprise saving accounts and deposits. The fair value is based on the discounted present value of the expected future cash outflows, using current market interest rates.

The main part of the total Loans and borrowings is not measured at fair value.

The fair value of these level 2 loans is determined using pricing models based on the net present value of estimated future cash flows.The pricing models are based on current market data, such as the euro swap curve. In addition to the euro swap curve there are unobservable market inputs. The unobservable market inputs may include spreads which are embedded in the discount curve.

Other liabilities, except for liabilities to credit institutions, are classified as level 2 due to the fact that there is no active market for these financial instruments. Cash liabilities are classified as level 1. The level 2 classified Other liabilities comprise mainly short-term amounts payable related to the ordinary operating activities of Achmea. These other liabilities are measured at amortised cost. The fair value of these liabilities is determined based on discounted value of the expected cash flows. For Other liabilities expected to be settled within twelve months after reporting date the carrying amount is a reasonable approximation of the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. NET EARNED PREMIUMS

(€ MILLION)

	2021	2020
Gross written premiums non-life	4,399	4,258
Reinsurance premiums	−352	−324
Change in provision for unearned premiums and current risks (net of reinsurance)	−35	−66
Net earned premiums Non-life	**4,012**	**3,868**
Gross written premiums health	14,689	14,839
Reinsurance premiums	−10	−4
Change in provision for unearned premiums and current risks (net of reinsurance)	−259	−121
Net earned premiums Health	**14,420**	**14,714**
Gross written premiums life	938	1,078
Reinsurance premiums	−19	−21
Change in provision for unearned premiums and current risks (net of reinsurance)	−1	−3
Net earned premiums Life	**918**	**1,054**
Total net earned premiums	**19,350**	**19,636**

BREAKDOWN GROSS WRITTEN PREMIUMS

(€ MILLION)

	2021	2020
Non-life insurance		
Accident	730	760
Motor liability	967	913
Motor hull	767	758
Transport/aviation liability	59	52
Property	1,352	1,271
General liability	315	304
Legal assistance	189	184
Other	20	16
Gross written premiums Non-life	**4,399**	**4,258**
Health		
Basic health insurance	5,595	5,486
Contribution from Health insurance fund	7,237	7,565
Supplementary health insurance	1,209	1,220
Other health insurance	648	568
Gross written premiums Health	**14,689**	**14,839**
Life		
Single premium policies own risk	280	336
Annual premium policies own risk	310	336
Single premium policies where policyholders bear investment risks	43	39
Annual premium policies where policyholders bear investment risks	305	367
Gross written premiums Life	**938**	**1,078**
Total gross written premiums	**20,026**	**20,175**

As of 1 January 2022, the foreign claims in the Contribution from the Health Insurance Equalisation Fund will be accounted for on an accrual basis rather than on a cash basis, as a result of which the contribution on foreign damage from 2022 onwards will be processed simultaneously with the recognised foreign healthcare costs. Due to this, a one-off higher contribution will be received in 2022 to compensate for impact for earlier years. For its expected share, Achmea has recorded a receivable of €75 million on the Health Insurance Equalisation Fund in 2021. Of this amount, €34 million relates to the current year and €41 million to previous years. The impact on future years will be part of the regular Health Insurance Equalisation Fund contribution.

KEY ASSUMPTIONS AND ESTIMATES TO DETERMINE THE NET EARNED PREMIUMS

Gross written premiums for health insurance

The gross written premiums for health insurance also include the contribution from the Health Insurance Equalisation Fund. Valuing claims on the Health Insurance Equalisation Fund is an inherently uncertain process that relies on assumptions for national medical expenses and the assignment of budget parameters to medical expenses.

Additional contribution Emergency scheme

Section 33 of the Health Insurance Act concerns the emergency scheme. This scheme stipulates that a healthcare insurer can receive an extra contribution from the Healthcare Insurance Equalisation Fund if the medical expenses per insured person exceed a certain threshold value as a result of a pandemic, calculated over the calendar year of the outbreak and the following calendar year. The reimbursement cannot exceed the medical expenses incurred. The medical expenses to which the emergency scheme applies are:

- Regular direct costs for Covid-19 care for Covid-19 patients;
- Surcharges on regular rates due to increased costs as a result of the Covid-19 pandemic;
- Indirect additional costs.

The medical expenses per insured due to the Covid-19 pandemic (calculated for 2020 and 2021) exceed the threshold of Section 33 of the Health Insurance Act (emergency scheme). Based on this scheme, health insurers therefore receive an additional contribution from the Health Insurance Equalisation Fund. This additional contribution is included as part of the Contribution from the Health Insurance Equalisation Fund.

The additional emergency scheme contribution for is calculated based on Achmea’s best estimate of the Covid-19 costs covered by this scheme, supplemented by medical expenses estimates collected and shared between the health insurers at sector level. The healthcare cost estimates have been validated by Achmea, where possible, based on its own data and insights. As described in the Covid-19 disclosures on liabilities related to insurance contracts (Note 6), the medical expenses estimates resulting from Covid-19, and therefore the estimated contribution, are subject to increased uncertainty. In addition, the final settlement of this contribution will only take place in a few years’ time on the basis of the actual Covid-19 costs. The final contribution may therefore differ significantly from the estimates made at this time.

In 2021, there was no major negative impact of Covid-19 on the result and solvency of Achmea, partly due to the income received from the emergency scheme. In the emergency scheme, Covid-19-related costs incurred by healthcare insurers in the Netherlands are largely compensated by additional contributions from the Health Insurance Equalisation Fund. This emergency scheme has expired at the end of 2021. For 2022, the additional contributions under the emergency scheme cease to apply. From 2022 onwards, regular Covid care and Covid patients will be taken into account in the contributions received by health insurers and in the distribution from the Health Insurance Equalisation Fund.

Solidarity Scheme Contribution

The solidarity scheme is related to the emergency scheme. The Covid-19 related costs are highly dependent of the area in which the insurer operates and the number of insured that require Covid-19 health care. The solidarity scheme concerns an arrangement among the Dutch health insurers whereby the Covid-19 costs, contributions from the emergency scheme and other financial effects are mutually settled. Based on the contractual conditions, this equalization will take place in a number of successive steps and is included as part of the Other health insurance. The amount included for 2021 is the best estimate of the contribution owed to Achmea for 2021 based on current insights and available information. Due to increased estimation uncertainty regarding the eventual Covid-19 medical expenses and the emergency scheme contributions at both sector and entity level, the actual contribution for 2021 may differ significantly from the estimate made at year-end 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES NET EARNED PREMIUMS

Gross written premiums for Life insurance and disability insurance contracts are generally recognised in the Income Statement when due. When premiums are recognised, liabilities for future contract benefits are recorded, resulting in benefits and expenses being matched with the revenues and profits being recognised over the lifetime of the contracts. Gross written premiums for Non-life insurance (except for disability insurance contracts) and Health insurance are recognised at the effective date of the insurance contract for the premiums to be received during the contract period. The Gross written premiums for Health Insurance include the contribution from the Health Insurance Equalisation Fund. The contract period is the period during which Achmea is unable to (entirely) adjust the premiums or the insurance policy conditions for the changed risk profile of policyholders. Premiums for Non-Life and Health insurance contracts and Contribution from the Health Insurance Equalisation Fund for the current year are generally recognised as earned in proportion to the period of insurance coverage provided. The Health Insurance Equalisation Fund contribution for previous years is recognised directly in the Income Statement.

10. INVESTMENT INCOME

(€ MILLION)

	INVESTMENTS -AT FAIR VALUE THROUGH PROFIT OR LOSS[1]		INVESTMENTS - AVAILABLE FOR SALE		INVESTMENTS - LOANS AND RECEIVABLES		TOTAL	
	2021	2020	2021	2020	2021	2020	**2021**	2020
Direct income from investments								
Investments own risk[2]	349	371	450	500	60	63	859	934
Investments for account and risk of policyholders	217	236					217	236
Banking credit portfolio		3			304	332	304	335
Investment expenses[2]	−12	−14	−13	−13	−1		−26	−27
Direct operating expenses investment property	−15	−18					−15	−18
	539	**578**	**437**	**487**	**363**	**395**	**1,339**	**1,460**
Realised and unrealised gains and losses on financial assets and derivatives								
Investments own risk	−1,672	1,362	820	460			−852	1,822
Investments for account and risk of policyholders	875	432					875	432
Banking credit portfolio	119	−9			−115		4	−9
Impairment losses on investments								
Investments own risk			−13	−74			−13	−74
Foreign currency differences[3]	56	−60	37	−40		−24	93	−124
	−622	**1,725**	**844**	**346**	**−115**	**−24**	**107**	**2,047**
Total income from investments	**−83**	**2,303**	**1,281**	**833**	**248**	**371**	**1,446**	**3,507**

1 Investments at fair value through profit or loss include investment income from property investments. The realised and unrealised gains and losses on financial assets and derivatives for Investments for own account of €1.7 billion primarily comprise unrealised results on interest rate derivatives.
2 In 2021, €15 million of the investment expenses have been reclassified to Direct investment income for own account; the comparative figures have been adjusted by €14 million.
3 The currency risk is hedged for an important part by currency derivatives. The positions of the currency derivatives are recognised in Investments own risk and Investments backing linked liabilities. For more information on this hedging refer to Note 28 Hedge accounting.

Total income from the investment portfolio amounts to €1.4 billion in 2021 (2020: €3.5 billion). The decrease is mainly due to a decrease in realised and unrealised gains and losses on investments own risk (€2.7 billion). The decrease in realised and unrealised gains and losses on investments own risk is mainly due to an increase of the interest rates in 2021. On the other hand, positive developments in equity markets resulted in higher income from realised and unrealised gains and losses of Investments for account and risk of policyholders (€0.4 billion).

An amount of €0.2 million (2020: €0.2 million) of Direct operating expenses investment property relates to property not generating any rental income in 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Direct interest revenue from investments own risk classified as 'At fair value through profit or loss' includes revenue from derivatives amounting to €269 million (2020: €262 million).

(€ MILLION)

	INVESTMENTS OWN RISK		INVESTMENTS BACKING LINKED LIABILITIES		BANKING CREDIT PORTFOLIO		TOTAL	
	2021	2020	2021	2020	2021	2020	**2021**	2020
Direct income by type:								
Dividend	63	58	10	13			73	71
Rental income from investment property	47	57					47	57
Interest income[1]	749	819	207	223	304	335	1,260	1,377
Total	**859**	**934**	**217**	**236**	**304**	**335**	**1,380**	**1,505**

1 In order to enhance the understanding of the user of the financial statements, in 2021, a part of the investment expenses have been reclassified to Direct investment income for own account; the comparative figures have been adjusted accordingly.

Realised and unrealised gains and losses arising from financial assets designated at initial recognition as 'At fair value through profit or loss' amounted to €41 million (2020: €95 million) for Investments own risk, €-808 million (2020: €436 million) for Investments backing linked liabilities and €-16 million (2020: €-7 million) for Banking credit portfolio.

A total of €129 million (2020: €-43 million) of the unrealised results from fair value changes is related to investments own risk which are measured using a valuation technique. These are mainly related to investment property, unlisted derivatives and equities.

Impairment losses on investments related to investments classified as 'Available for sale' amounted to €13 million in 2020 (2020: €74 million).

ACCOUNTING POLICIES INVESTMENT INCOME

For the accounting policies of investment income we refer to the accounting policies for investments. See Note 5 Investments for further explanation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. NET EXPENSES FROM INSURANCE CONTRACTS

(€ MILLION)

	2021 GROSS	2021 REINSURANCE	2020 GROSS	2020 REINSURANCE
Non-Life				
Claims paid	2,460	82	2,442	79
Changes in insurance liabilities own risk	455	143	277	127
Claim handling expenses	305		287	
Recoveries	−180		−157	
Changes in insurance liabilities due to granted profit sharing rights	9			
	3,049	**225**	**2,849**	**206**
Health				
Claims paid	13,648	8	14,194	3
Changes in insurance liabilities own risk	318		−209	
Claim handling expenses	74		75	
Recoveries	−26		−28	
	14,014	**8**	**14,032**	**3**
Life				
Benefits paid own risk	1,793	28	2,254	33
Benefits paid for insurances where policyholders bear investment risks	1,427		1,349	
Changes in insurance liabilities own risk	−874	−20	−1,052	−26
Changes in insurance liabilities where policyholders bear investment risks	−143		−539	
Amortisation interest surplus rebates	1		4	
Surplus interest and profit sharing to policyholders	161		39	
Changes to Provision for discounting of insurance liabilities due to realised gains and losses on related investments in fixed income securities through Equity	326		332	
Changes to Provision for discounting of insurance liabilities due to (un)realised gains and losses on related investments in fixed income securities and derivatives through Income statement	−1,503		1,182	
Changes to Provision for discounting of insurance liabilities due to granted profit sharing rights and other changes	58		52	
	1,246	**8**	**3,621**	**7**
Total expenses from insurance contracts	**18,309**	**241**	**20,502**	**216**

For an explanation of the main developments arising from Covid-19, please refer to Note 6 Liabilities related to insurance contracts.

The value development of interest rate derivatives used to hedge the interest rate risk of the insurance liabilities is included in Provision for unwinding of discount insurance liabilities. This relates to the liabilities of the Dutch insurance business of which the cash flows are based on and discounted based on locked assumptions.

KEY ESTIMATES TO DETERMINE NET EXPENSES FROM INSURANCE CONTRACTS

Continuity scheme

Under the continuity scheme, healthcare providers can apply for a continuity contribution from the healthcare insurer. Under the arrangement, healthcare insurers compensate healthcare providers who would have experienced financial difficulties as a result of reduced revenue caused by the collapse in demand due to Covid-19. The continuity contribution has been recognised as healthcare expenses, under Net expenses from insurance contracts.

ACCOUNTING POLICIES NET EXPENSES FROM INSURANCE CONTRACTS

The accounting policies for Net expenses from insurance contracts are closely related to the accounting principles for Liabilities related to insurance contracts and amounts ceded to reinsurance. See Note 6 for further explanation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER NOTES

Other statement of financial position

12. INTANGIBLE ASSETS

(€ MILLION)

	GOODWILL	SOFTWARE[1]	BRAND NAME	VALUE OF BUSINESS ACQUIRED	DISTRIBUTION NETWORKS	TOTAL 2021
Cost						
Balance at 1 January	621	275		7	135	1,038
Change in composition of the Group	16	3	3	3	6	31
Internally developed		7				7
Sale, disposals and decommissioning		−5				−5
Purchases and acquisitions		12			1	13
Changes due to reclassification and other movements		−1		1	2	2
Foreign currency differences		−1			−15	−16
Balance at 31 December	**637**	**290**	**3**	**11**	**129**	**1,070**
Amortisation and impairment losses						
Balance at 1 January		196		7	100	303
Change in composition of the Group		1				1
Sale, disposals and decommissioning		−5				−5
Amortisation charge for the year		21			7	28
Impairment loss recognised in income statement		5				5
Changes due to reclassification and other movements				1		1
Foreign currency differences					−11	−11
Balance at 31 December		**218**		**8**	**96**	**322**
Carrying amount						
At 1 January	621	79			35	735
At 31 December	**637**	**72**	**3**	**3**	**33**	**748**

[1] In the category Software at year-end 2021 an amount of €24 million is included for internally developed software.

An amount of €715 million (31 December 2020: €708 million) of the Intangible assets is expected to be recovered more than twelve months after the reporting date. The foreign currency differences in 2021 on distribution networks of €-4 million (31 December 2020: €-5 million) relate to Eureko Sigorta.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(€ MILLION)

	GOODWILL	SOFTWARE[2]	BRAND NAME	VALUE OF BUSINESS ACQUIRED	DISTRIBUTION NETWORKS	TOTAL 2020
Cost						
Balance at 1 January[1]	628	249		7	153	1,037
Change in composition of the Group	−6					−6
Internally developed		4				4
Sale, disposals and decommissioning		−4				−4
Purchases and acquisitions		27				27
Changes due to reclassification and other movements	−1					−1
Foreign currency differences		−1			−18	−19
Balance at 31 December	**621**	**275**		**7**	**135**	**1,038**
Amortisation and impairment losses						
Balance at 1 January	7	180		6	106	299
Change in composition of the Group	−6					−6
Sale, disposals and decommissioning		−4				−4
Amortisation charge for the year		18		1	7	26
Impairment loss recognised in income statement		1				1
Changes due to reclassification and other movements	−1					−1
Foreign currency differences		1			−13	−12
Balance at 31 December		**196**		**7**	**100**	**303**
Carrying amount						
At 1 January	621	69		1	47	738
At 31 December	**621**	**79**			**35**	**735**

1 For impaired goodwill and intangible assets that were no longer in use in 2020, but were still included in cost, amortisation and impairment losses, the amounts were retrospectively adjusted. The book values as at 31 December 2020 did not change.
2 In the category Software at year-end 2020 an amount of €18 million is included for internally developed software.

GOODWILL BY CASH GENERATING UNIT

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Non-life Netherlands	617	617
Other	20	4
	637	**621**

Goodwill is mainly related to Achmea's Dutch operations.

The most sensitive key assumptions in calculating the value-in-use in the yearly impairment test are:

NON-LIFE NETHERLANDS

	2021	2020
Average annual premium/sales growth rate	2.6%	1.9%
Average claims ratio[1]	68.8%	68.4%
Average expense ratio[2&3]	25.7%	27.2%
Terminal value growth	0.0%	0.0%
Discount rate	7.7%	8.8%

1 The average claims ratio of Non-life is adjusted for the technical interest (impact -1.3%, 2020: impact -1.7%).
2 The average expense ratio also includes, in addition to costs related to staff, IT, housing and acquisition also holding costs.
3 The average expense ratio has been adjusted for the non-technical costs (impact -0.1%, 2020: impact -0.6%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The surplus, being the positive difference between the recoverable amount and carrying amount, for Non-life Netherlands amounts to €1,059 million (2020: €496 million). The recoverable amount for the cash generating unit Non-life Netherlands is sensitive for negative deviations within major assumptions.

EFFECTS OF CHANGE IN ASSUMPTIONS NON-LIFE

(€ MILLION)

2021	CHANGE OF RATIO WITH	Δ SURPLUS
Average annual premium growth rate	−0,5%	−77
Average claims ratio	0.5%	−264
Average expense ratio	0.5%	−264
Terminal value growth	−0,5%	−105
Discount rate	0.5%	−270

With respect to the other intangible assets, Achmea concluded on the basis of its analyses that there are no indications of impairment as at 31 December 2021.

KEY ASSUMPTIONS IN IMPAIRMENT TESTING OF INTANGIBLE ASSETS

In testing for impairment of intangible assets, the carrying amount is compared with the recoverable amount, being the higher of an asset's fair value less costs to sell and value in use. Determining the value in use is an area involving management judgement, requiring assessment as to whether the carrying amount of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the net future cash flows, assumptions are required to be made in respect of uncertain elements like timing and amount of projected cash flows and development of future discount rates.

Goodwill

For the cash generating unit Non-life Netherlands, Achmea uses a Dividend Discount Model (DDM) to calculate the recoverable amount. The cash flow projections for the first three years are based on the budget approved by Achmea’s Executive Board. After these three years the terminal value is determined by applying a perpetual growth rate, i.e. the average long-term growth rate, to the perpetual dividend. Achmea uses the ‘Cost of Equity’ to discount the projected cash flows. The forecast takes into account the effects of Covid-19 using the best estimate of the cash flow projections of the first three years and the following years using the lower terminal growth rate (terminal value determination). In addition, Covid-19 effects are reflected using the higher discount rate due to the risk underlying the cash flows and terminal value. Achmea uses the discount rate to discount estimated cash flows.

Where possible, the assumptions are calibrated using external sources. The discount rates are determined on the advice of an external party and are based on a so-called CAPM model (Capital Asset Pricing Model). This methodology is based on a risk-free rate plus a risk premium. This risk premium is based on the 'market risk premium' (return on equity investments above risk-free rate) times the beta that represents the specific risk profile of the cash generating unit. The terminal value growth, being the long-term average growth rate, is on a gross basis (not adjusted for inflation) and reflects expected industry averages. Achmea has performed an analysis on its most sensitive assumptions used to calculate the value-in-use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES INTANGIBLE ASSETS

Hereafter, the specific accounting principles for each major class of Intangible assets are given. Based on management expectations, Achmea estimates whether the duration of use is limited (usually no more than twenty years) or indefinite. Assets with a limited useful life are depreciated straight line after initial recognition unless another method is more appropriate (adjusted for impairments, if applicable). Assets with indefinite useful lives are tested annually for impairment. Expenses for internally generated goodwill, brand names and research expenses are included in the Profit and Loss Account as expenses when they occur.

Software

Externally acquired and internally developed software is recognised at cost (including borrowing cost incurred). The maximum useful life of software is five years, or up to ten years when related to insurance policy systems. Software that is an integral part of a computer or a computer-controlled tool and in which that tool or computer does not work without the software (e.g. operating system software), is classified as equipment.

Brand name

Purchased brand name are recognised as an intangible asset. The initial measurement of a brand name is based on the application of the 'relief from royalty method', with the use of market observable variables and when not available management expectations that are presumed to be representative of assumptions market participants would use.

Value of business acquired

Upon acquisition of a portfolio of (insurance) contracts, Achmea recognises the value of the acquired insurance portfolios (VOBA, "Value Of Business Acquired") as intangible asset. The first valuation of VOBA is determined as the difference between the fair value of 'current' (insurance) contracts in the acquired business activities based on current estimates and assumptions at the time of the business combination and the obligation valued in accordance with the accounting principles of Achmea.

Distribution networks

When Achmea enters into a business combination it recognises distribution networks as an intangible asset. The initial measurement of this intangible asset is based on the application of the 'multi-period excess earnings method', with the use of market observable variables and management expectations. The valuation techniques used are commonly applied within the industry.

Other intangible assets

Other intangible assets acquired by Achmea are stated at cost less accumulated amortisation and impairment losses.
Other intangible assets are capitalised and amortised over their expected useful lives, which on average are between 5 and 20 years.

Goodwill

Goodwill arising on a business combination represents the excess of the consideration transferred to acquire the business over the fair value of the net identifiable assets, liabilities and contingent liabilities acquired at acquisition date. Goodwill is stated at cost less accumulated impairment losses. Recognised goodwill is subject to an impairment test at least annually. Achmea has allocated the acquired goodwill due to business combinations to cash generating units (CGUs) that are expected to benefit from the business combination. This is done on the basis of synergies expected to be realised by the combination. Goodwill is monitored at business unit level, being an aggregation of products or group of products with the same risk characteristics and at which level risks are managed and capital is allocated. Any excess of the carrying amount of the domain over its recoverable amount will firstly be allocated to goodwill. Impairment tests at CGU level are performed at a fixed time every year and more frequently if triggering events occur. If an impairment loss occurs, it will be allocated to the relevant CGU. An impairment recognised for goodwill is not subject to reversal in a subsequent period.

Impairment

At each reporting date, Achmea assesses whether an indication of an impairment exists for intangible assets with a finite useful economic life. Various indicators are used, such as whether the intangible asset is abandoned, readily obtainable in the market, or the cost to maintain the intangible asset is significantly higher than expected. An impairment on Intangible assets is recognised as Other expenses in the Income Statement. In addition, Achmea assesses at each reporting date whether there is any indication that an impairment loss recognised in a prior period for intangible assets may no longer exist or may have decreased. Achmea considers the various indicators, such as: whether the asset’s market value has increased significantly during the period; whether significant changes (technological, market, economic or legal environment) with a favourable effect on Achmea have taken place during the period; whether market interest rates have decreased and are likely to affect the discount rate used in calculating value in use and increase recoverable amount materially. If this is the case, the carrying amount of the intangible asset is increased to its recoverable amount. An increase in the carrying amount of the asset due to the reversal of the impairment may not exceed the carrying amount if no impairment loss would have been recognised in the prior period. A reversal of an impairment on Intangible assets is recognised as Other expenses in the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. ASSOCIATES AND JOINT VENTURES

(€ MILLION)

NAME OF THE COMPANY	COUNTRY	DESCRIPTION OF BUSINESS	DATE OF ACQUISITION / STARTING DATE	% OWNERSHIP 2021	% OWNERSHIP 2020	NET ASSET VALUE 2021	NET ASSET VALUE 2020	BOOK VALUE 31 DECEMBER 2021	BOOK VALUE 31 DECEMBER 2020
Garanti Emeklilik ve Hayat A.S.	Turkey	Life insurance	2007	15.00%	15.00%	15	24	15	24
Onlia Holding Inc.	Canada	Non-life insurance	2018	50.00%	50.00%	13	11	13	11
InAdmin RiskCo Holding B.V.	Netherlands	Administrative service provider	2020	50,00%	50,00%	3	6	3	6
Other						10	14	10	14
								41	**55**

Although Achmea holds less than 20% of the shares of Garanti Emeklilik ve Hayat A.S., Achmea exercises significant influence by virtue of its strategic interest, close co-operation with Eureko Sigorta and the contractual right to appoint a Board member. The decrease in Other is mainly caused by Money Market Insurance Agents SA. no longer being an associate, but rather a fully owned subsidiary of Interamerican Hellenic Life Insurance Company SA. in Greece.

The book value of the associates and joint ventures is determined based on the (IFRS) financial statements for the same financial year of those entities (which accounting policies do not differ significantly from the policies applied by Achmea), where available. If not available, Achmea bases the book value on preliminary, unaudited figures received from the associate or joint venture. Achmea has established that, in the past, there were no material differences between those preliminary, unaudited figures and the (IFRS) financial statements of the associate or joint venture concerned.

14. PROPERTY FOR OWN USE AND EQUIPMENT

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Property for own use		
In development		
In use	229	273
Equipment		
Software	5	5
Hardware	21	24
Office furniture	10	11
Other	94	97
Right of use of property for own use and equipment		
Property Own Use	102	128
Equipment	12	13
	473	**551**

In 2021, Achmea had nearly all of its property for own use valued by external appraisers and adjusted the balance sheet value accordingly.

The other equipment mainly comprises of lease vehicles. The corresponding results are recorded as Other income.

During 2021, the carrying amount of the right of use of €141 million decreased by €27 million, consisting of an increase in new lease contracts (€3 million) and a decrease due to depreciation of capitalised right-of-use asset (€30 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

KEY ASSUMPTIONS TO DETERMINE THE FAIR VALUE OF PROPERTY FOR OWN USE

Various assumptions should be made and techniques applied in valuing property whereby these assumptions and techniques, may have significant consequences for the valuation. The methods used to determine the revalued amount for Property for own use and fair value of Investment property are described in Note 8 Fair value hierarchy. The assumptions used in applying some of these methods are supported by the terms of any existing lease and other relevant contracts and by external evidence such as recent and expected general economic trends, current market rents for similar properties in the same region and condition. Components of assets and related liabilities are classified as 'Held for sale' when it is highly probable that the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Sufficient reference transactions are available for the valuation as of 31 December 2021 that confirm the valuations of the external appraisers.

ACCOUNTING POLICIES PROPERTY FOR OWN USE AND EQUIPMENT

Property for own use

Property for own use is measured at fair value at the date of revaluation less any (subsequent) accumulated depreciation and any (subsequent) accumulated impairment losses. Property for own use that is under construction or in development is stated at cost until its fair value can be reliably determined. Changes in the carrying amount resulting from revaluations of Property for own use are recorded in the Revaluation reserve, part of Total equity net of deferred taxes. A decrease in the carrying amount due to revaluation is recognised in the Revaluation reserve, part of Total equity, to the extent of any credit balance existing in the revaluation reserve in respect of that asset and for the remaining part in the Income Statement. A revaluation decrease will be reversed through the Income Statement in subsequent years if the revalued amount is higher than the carrying amount, but not higher than the cost minus accumulated depreciation. When Property for own use is derecognised, revaluations included in the Revaluation reserve will be transferred directly to Retained earnings and not through the Income Statement. If Property for own use comprises major components with a different useful life, they are accounted for as separate items.

Depreciation on Property for own use is charged to the Income Statement on a straight-line basis over the estimated useful economic life, generally not exceeding fifty years. The depreciation method and useful economic life are reviewed annually and adjusted if circumstances or expectations have changed significantly. Land is not depreciated. When Property for own use or its separate items accounted for is revalued, the cumulative depreciation is eliminated against the gross carrying amount of that item of Property for own use.

Equipment

Equipment is measured at cost (including borrowing costs incurred) less accumulated depreciation and impairment losses. If equipment comprises major components with a different useful life these are accounted for as separate items. Depreciation is charged to the Income Statement on a straight-line basis. The estimated useful life is: operating software three to five years, hardware three to four years, office furniture (including components) three to six years and other equipment three to six years. The depreciation method and useful life of equipment is reviewed annually and altered prospectively if circumstances or expectations have changed significantly.

Right-of-use asset for property for own use and equipment

Achmea makes use of the option not to recognise right-of-use assets and lease liabilities in the balance sheet for short-term leases (12 months or less) or leases of low-value assets (USD 5,000 or less). The right-of-use asset related to the leases is depreciated and recognised in the Income Statement during the term of the lease applying the straight-line method.

Achmea recognises a right of use in the balance sheet on the effective date, which is the date on which the lessor makes the underlying asset available for use. The right-of-use asset is valued at cost minus cumulative depreciation. Upon initial recognition, cost is equal to the amount of the lease liability plus lease payments that preceded the commencement period of the lease, plus initial direct costs, taking into account any costs of dismantling, removing or restoring the underlying asset and minus any lease incentives received.

Right-of-use assets are then depreciated on a straight-line basis over the duration of the lease, unless the economic life is shorter, in which case this is taken as the depreciation period. In addition, where applicable, the right-of-use asset is periodically reduced by impairment losses and, where applicable, adjusted for remeasurements of the lease liabilities.

15. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during the fiscal year can be specified as follows:

(€ MILLION)

	BALANCE AT 1 JANUARY 2021	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE AT 31 DECEMBER 2021
Intangible assets	−8	2		−6
Property for own use and equipment	−25	10	5	−10
Investments	−2,366	496	−9	−1,879
Liabilities related to insurance contracts	2,972	−501	−2	2,469
Other provisions	−17	−8	8	−17
Amortisation	2	−1		1
Financial liabilities	27	−64		−37
Loss carry-forwards	10	−3		7
	595	**−69**	**2**	**528**
Comprising:				
Deferred tax assets				560
Deferred tax liabilities				32

(€ MILLION)

	BALANCE AT 1 JANUARY 2020	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE AT 31 DECEMBER 2020
Intangible assets	−10	1	1	−8
Property for own use and equipment	−22		−3	−25
Investments	−1,942	−429	5	−2,366
Liabilities related to insurance contracts	2,400	574	−2	2,972
Other provisions	−4	−4	−9	−17
Amortisation	4	−2		2
Financial liabilities	27			27
Loss carry-forwards	8	2		10
Tax-rate changes	−71	91	−20	
	390	**233**	**−28**	**595**
Comprising:				
Deferred tax assets				626
Deferred tax liabilities				31

In the 2022 Tax Plan of the Netherlands, the decision has been made to increase the corporate tax rate from 25% to 25.8% as of 1 January 2022. Achmea made an estimate of the effect of this tax rate change on the deferred tax positions and has attributed expected future realisations to specific financial years. In 2021, the tax rate change in the Netherlands led to a gain in the 2021 result of €25 million and a reduction of equity of €8 million.

The tax rates used in calculating deferred tax assets and liabilities differ per jurisdiction, and in both 2021 and 2020 these tax rates ranged from 10% to 36%. The tax jurisdiction with the largest part of the result and tax share concerns the Netherlands.

An amount of €509 million (2020: €626 million) of the Deferred tax assets and liabilities is expected to be recovered more than twelve months after reporting date.

Deferred tax assets amounting to €59 million (2020: €60 million), have not been recognised in respect of taxable losses of previous years. For these losses it is not probable that future taxable profits will be available, against which the temporary difference can be utilised. The recognised deferred tax assets relating to offsettable losses from previous years are valued based on the current tax laws.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Results within the Dutch Health Insurance business are reported as non-taxable results, based on the current tax laws. The tax exemption is applicable as far as these results are not distributed. When results are partly or fully distributed, the annual results of the Dutch Health Insurance business will no longer be exempted from corporation tax. The annual results will then be taxable against the then current corporate tax rate.

KEY ASSUMPTIONS AND ESTIMATES TO DETERMINE THE DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are established for the tax benefit related to deductible temporary differences, carry forwards of unused tax losses and carry forwards of unused tax credits when, in the judgement of management, it is likely that Achmea will receive the tax benefits. A change in judgement could have a substantial effect on value of the deferred tax asset. In determining the tax position, Achmea has taken into account its estimate of the associated future expenses. Furthermore, management considers tax planning strategies to increase the likelihood that the tax assets will be realised.

ACCOUNTING POLICIES DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is provided for using the balance sheet liability method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of these assets and liabilities. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

16. RECEIVABLES AND ACCRUALS

(€ MILLION)

	2021	2020
Deferred acquisition costs	36	41
Receivables from direct insurance	1,256	1,202
Receivables from indirect insurance	189	177
Receivables on reinsurance	12	15
VWS-arrangements	163	187
Investment receivables	85	73
Contribution from Dutch Health insurance fund	2,327	2,337
Prepayments to Dutch hospitals	933	867
Payments related to Dutch short-term mental care (GGZ)	2	365
Other prepayments and accrued income	375	392
Undue payments healthcare providers	525	206
Receivables under recourse	117	105
Other	191	240
Balance at 31 December	**6,211**	**6,207**

An amount of €2,584 million (31 December 2020: €2,697 million) of the Receivables and accruals is expected to be recovered after twelve months after reporting date. For receivables expected to be recovered within twelve months after reporting date, the carrying amount is a reasonable approximation of the fair value. The fair value of receivables expected to be recovered after twelve months after the reporting date amounts to €2,425 million as at 31 December 2021 (31 December 2020: €2,722 million). Impairment losses recognised in 2021 related to Receivables and accruals amounted to €-4 million (31 December 2020: €48 million) and are included in Other expenses.

In addition to the regular equalisation contribution, the Contribution from the Health Insurance Equalisation Fund contains the contribution from the Emergency scheme. The contribution from the solidarity scheme was a debt to the other Dutch health insurers at the end of 2021 and is therefore included in the Financial Liabilities.

Notes 9 and 11 contain additional information regarding the emergency scheme, solidarity scheme and continuity contribution. Note 9 also contains additional information on the change in accounting estimate for the ‘foreign claims’. For this purpose, a receivable has been recognised under the Contribution from the Health Insurance Equalisation Fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

KEY ASSUMPTIONS AND ESTIMATES RECEIVABLES AND ACCRUALS - HEALTH SEGMENT

Health segment
The private health insurance system that is in force in the Netherlands consists of two parts: basic health insurance and supplementary health insurance. Coverage within basic health insurance is heavily determined by law and influenced by political processes. The basic health system (inherently) comprises uncertainties, due to the calculation methods applied. A system of risk mitigating features is in force in the Netherlands to reduce the uncertainties that are raised by the system. The measurement of receivables regarding the Health Insurance Fund is an inherently uncertain process, involving assumptions for national healthcare costs and allocation of healthcare costs to budget parameters. For more details regarding the uncertainties and the risk mitigating factors in health insurance, a reference is made to Note 2 Capital and risk management. Any change in the assumptions could have an impact on the settlement with the Dutch government (Health Insurance Fund).

DEFERRED ACQUISITION COSTS
These are detailed in the note on key assumptions and estimates of Liabilities related to insurance contracts.

ACCOUNTING POLICIES RECEIVABLES AND ACCRUALS

Receivables and accruals are measured at amortised cost, which usually equals the face value, adjusted for accumulated impairment losses.

Acquisition expenses directly or indirectly related to the sale of insurance contracts not measured at fair value are deferred to the extent that they are deemed recoverable from future revenues. Deferred acquisition costs are subject to recoverability testing at the time of policy issue and included in the liability adequacy test of insurance liabilities at the end of each reporting period. Any irrecoverability of Deferred acquisition costs as a result of liability adequacy testing is recognised as an impairment loss and included in Operating expenses. Deferred acquisition costs are amortised over the lifetime of the related contracts.

17. CASH AND CASH EQUIVALENTS

(€ MILLION)

	2021	2020
Cash and bank balances	1,569	2,184
Balance at 31 December	**1,569**	**2,184**

Cash and cash equivalents subject to restrictions amounted to €49 million (31 December 2020: €40 million). The restrictions mainly relate to the minimum reserve to be maintained at De Nederlandsche Bank N.V. of €42 million (31 December 2020: €38 million).

ACCOUNTING POLICIES CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, bank balances and call deposits and are measured at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. EQUITY

The movements in Equity attributable to holders of equity instruments of the company are specified in the Consolidated Statement of Changes in Total equity.

OVERVIEW SHARE CAPITAL

	NUMBER OF ORDINARY SHARES	NOMINAL VALUE ORDINARY SHARES	NUMBER OF PREFERENCE SHARES	NOMINAL VALUE PREFERENCE SHARES	NUMBER OF A SHARES	NOMINAL VALUE A SHARES
	(PAR VALUE €1 PER SHARE)	(€ MILLION)	(PAR VALUE €1 PER SHARE)	(€ MILLION)	(PAR VALUE €1 PER SHARE)	(€ MILLION)
Authorised	2,103,943,009	2,104	60,000,000	60	1	
Shares issued 1 January 2020	410,820,173	411	23,904,060	24	1	
Shares issued 31 December 2020	**410,820,173**	**411**	**23,904,060**	**24**	**1**	
Shares issued 1 January 2021	410,820,173	411	23,904,060	24	1	
Shares issued 31 December 2021[1]	**410,820,173**	**411**	**23,904,060**	**24**	**1**	

1 All issued shares are fully paid up. Part of the shares are owned by Achmea itself, please refer to Own shares below. For a specification of other shareholders see Other information, Shareholders of Achmea B.V. at 31 December 2021.

Share premium

The Consolidated Statement of Changes in Total equity includes €11,357 million Share capital/premium. This amount includes €10,923 million share premium paid by the shareholders. This share premium reserve comprises share premium paid in by both holders of ordinary shares and holders of preference shares.

Share rights, approval rights and restrictions

Each share confers the right to one vote at Achmea's general meeting. Stichting Administratie-Kantoor Achmea is the holder of the A share. Special rights adhere to the A share. Many decisions of the general meeting of Achmea B.V. can only be made after approval of the holder of the A share. The general meeting decides whether or not to pay dividends to the holders of preference and ordinary shares.

The holders of preference shares are entitled to receive dividends when declared. The preference shares have a cumulative character. If Achmea is temporarily unable to pay out dividend, the right to payment of the arrears remains with these shares. Dividends paid are 3.7% per year of the share capital and the share premium paid for those shares. The aforementioned percentage, set in February 2014, is reviewed every ten years. The next assessment will take place before 1 January 2024. The Executive Board, with the approval of the Supervisory Board, may increase the set percentage annually by a maximum of 1.8%. When an external dividend is to be distributed, an assessment is made of whether the distribution is liable by testing against the risk appetite. A key factor in this assessment is holding company liquidity. This depends on the amounts distributed to Achmea B.V. by the legal entities – mainly Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V. The level of interest for discounting the insurance liabilities has a major impact on the amounts that can be distributed by Achmea Pensioen- en Levensverzekeringen N.V. to Achmea B.V. and thus on the holding liquidity.

All preference shares in the share capital of Achmea B.V. have been issued to Achmea Tussenholding B.V. The shares in the share capital of Achmea Tussenholding B.V. are certified through Stichting Administratiekantoor Achmea Tussenholding and issued to a number of institutional investors. A portion of these depositary receipts are held by Achmea B.V. The value of the depositary receipts held by Achmea B.V. is €45 million and is presented under 'Own shares' within Total equity.

An overview of the shareholders of Achmea as at 31 December 2021 is presented in Other Information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Own shares

The item 'Own shares' consists of (ordinary) shares purchased by Achmea B.V. and of Achmea B.V.'s stake as holder of depositary receipts issued by Stichting Administratiekantoor Achmea Tussenholding. Stichting Administratiekantoor Achmea Tussenholding is shareholder of Achmea Tussenholding B.V., a company which holds the preference shares in Achmea B.V.

No voting rights are attached to repurchased own shares and no dividend is payable on them. With respect to the depositary receipts that are indirectly related to the preference shares in Achmea B.V., the voting rights attached to the preference shares are exercised by Achmea Tussenholding B.V. Dividends distributed on the preference shares accrue entirely to Achmea Tussenholding B.V., in the understanding that the portion accruing to Achmea B.V. as depositary receipt holder is withheld from the dividend payment. For the purchase of own shares in 2021 reference is made to the disclosure in the section of the Consolidated statement of changes in total equity.

Legal reserves

A statutory reserve must be maintained for the retained earnings with regard to associates and joint ventures, internally developed capitalised software and healthcare offices.

An amount of €55 million (31 December 2020: €65 million) of Total equity contributed by subsidiaries at year-end 2021 is subject to claims under provisions in the articles of association of a number of subsidiaries. Amounts presented within the legal reserves cannot be distributed to shareholders. In addition to these Legal reserves there are other ring fenced reserves that cannot be distributed to shareholders, as set out in the Note to the Revaluation reserve.

Revaluation reserve

Based on the accounting policies used by Achmea, a revaluation reserve is formed. In addition, Dutch regulations require Achmea to establish an earmarked reserve for all positive unrealised fair value changes for assets for which there are no frequent market quotations or readily observable developments on liquid markets and for which the unrealised fair value changes are recognised in the income statement, 2021 €349 million (31 December 2020: €240 million). The reserve is formed by transferring the required amounts from Other reserves to the Revaluation Reserve.

Part of the Revaluation reserve is related to property for own use. The revaluation surplus for property for own use amounted to €39 million in 2021 (2020: €58 million). The majority of the remainder of the revaluation reserve is related to available for sale investments.

The total Revaluation Reserve amounts to €1,159 million (2020: €1,069 million) and contains a negative amount of €212 million (31 December 2020: €58 million) relating to unrealised losses net of deferred taxes on assets carried at fair value. The positive Revaluation Reserve thus amounts to €1,371 million (31 December 2020: €1,127 million), which cannot be distributed to shareholders.

Exchange difference reserve

Assets and liabilities of foreign subsidiaries, with a functional currency other than the euro, are translated into euros at the exchange rates at reporting date. The income and expenses of such subsidiaries are translated at the weighted average exchange rates for the reporting period. Translation differences arising from the application of reporting date exchange rates to the opening balance of the net assets and goodwill of such subsidiaries and to the foreign exchange results for the reporting period are recognised in the Exchange difference reserve. Amounts presented within the Exchange difference reserve cannot be distributed to shareholders. The main part of the operations in foreign currency is in Turkish Lira through its subsidiary Eureko Sigorta and its associate Garanti Emeklilik ve Hayat A.S.

Hedging reserve

The amounts presented within the Hedging reserve cannot be distributed to shareholders. In determining the non-distributable amounts under Dutch regulations these amounts cannot be distributed. Consequently, in relation to the Hedging reserve an amount of €7 million (2020: €7 million) cannot be distributed to shareholders. If the hedge relation is discontinued Achmea amortises the related fair value adjustment over de remaining duration of the hedged position.

Other reserves

Results within the Dutch Health Insurance business are reported as non-taxable results, based on the current tax laws. The tax exemption is applicable as far as these results are not distributed. When results are partly or fully distributed, the results of the health insurers will no longer be exempted from corporation tax. The annual results will then be taxable against the then current corporate tax rate.

Retained earnings contain an amount of €-127 million relating to defined benefit plans (31 December 2020: €-106 million). Changes in measurement of investments that cover defined benefit obligations and related liabilities concerning Achmea's defined benefit schemes are included in Other comprehensive income.

The appropriation of results is presented in the Company Financial Statements of Achmea B.V. for 2021, Note 22 Proposal for appropriation of result.

Other equity instruments

Achmea has two Other equity instruments to support the funding of the organisation. These Other equity instruments are hybrid loans of €500 million in Perpetual Capital Securities with a coupon of 4.625% and a hybrid loan of €750 million with a coupon of 4.25%. These equity instruments are classified as Other equity instruments and their purpose is to support the funding of the organisation. The Perpetual Capital Securities qualify as Restricted Tier 1 notes.

These hybrid loans, listed on the Irish Stock Exchange, have a very long maturity period The contractual terms and conditions are such that the payment of the coupon and redemption payments is in the power of disposal of the company and that no previously agreed payment obligations apply. And are therefore classified under IFRS as Equity.

Coupon payments on Other equity instruments are determined by Achmea and subject to the limitations described in the prospectus. The coupon payments will be charged to Retained earnings, part of Total equity.

ACCOUNTING POLICIES TOTAL EQUITY

Equity
Achmea B.V. shares held by the company (own shares) are accounted for by a reduction within Total equity at the moment of purchase by Achmea or its subsidiaries on the basis of the purchase price paid. Any results upon the subsequent sale of such treasury shares are recognised directly within Total equity.

Non-controlling interest
Any Non-controlling interest related to subsidiaries is presented as a separate component within Total equity and is equal to Non-controlling interest in the subsidiary's equity based on Achmea's accounting principles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. OTHER PROVISIONS

(€ MILLION)

	2021	2020
Post-employment benefits	860	955
Other provisions	147	158
Balance at 31 December	**1,007**	**1,113**

POST-EMPLOYMENT BENEFITS

(€ MILLION)

31 DECEMBER 2021	THE NETHERLANDS	OTHER COUNTRIES	TOTAL
Present value of defined benefit obligation	858	2	860
Fair value of total investments backing defined benefit obligation	−940		−940
Fair value of non-qualifying investments backing defined benefit obligation	940		940
Unfunded status	**858**	**2**	**860**
Effect of asset ceiling			
Net defined benefit liability	**858**	**2**	**860**

(€ MILLION)

31 DECEMBER 2020	THE NETHERLANDS	OTHER COUNTRIES	TOTAL
Present value of defined benefit obligation	946	9	955
Fair value of total investments backing defined benefit obligation	−1,054		−1,054
Fair value of non-qualifying investments backing defined benefit obligation	1,054		1,054
Unfunded status	**946**	**9**	**955**
Effect of asset ceiling			
Net defined benefit liability	**946**	**9**	**955**

Achmea has a pension scheme for the major part of its employees. The pension scheme executed by Stichting Pensioenfonds Achmea, applicable to the major part of the 11,000 employees in the Netherlands, is a so-called Collective Defined Contribution (CDC) scheme. The obligation of Achmea related to the pension scheme is limited to payment of the agreed premium for the current year of service.

In 2021 contributions paid to the CDC scheme amounted to €275 million (2020: €256 million). The contribution is determined as the actuarially required contribution for the acquired pension rights in that year, taking into account current interest rates.

Achmea's defined benefit obligation is mainly related to the accrued rights of a number of (former) employees under former defined benefit plans. These defined benefit plans were maintained in The Netherlands, and for a limited amount in Greece. Benefits related to medical costs are not included in these plans.

The accrued rights of the former defined benefit pension obligations in the Netherlands of a number of (former) employees are insured with Achmea Pensioen- en Levensverzekeringen N.V., and therefore Achmea retains the financial and actuarial risks. As a result of the scheme being insured by Achmea Pensioen- en Levensverzekering N.V., the investments related to the insurance contracts do not qualify as investments to cover defined benefit obligations.

For the accrued rights of the former defined benefit pension schemes of a number of (former) employees in the Netherlands that are insured with Achmea Pensioen- en Levensverzekeringen N.V. and SBZ, an indexation of pension rights applies that is administered by Stichting Pensioenfonds Achmea on the basis of the administration agreement. The administration agreement between Achmea and the pension fund has been signed for an indefinite period of time, whereby the administration of the indexation of pension rights for both these (former) employees and the other participants in the pension fund is financed from the available assets of the pension fund. The CLA and the administration agreement with the pension fund stipulate that Achmea’s obligation does not extend beyond payment of premium for the collective fixed contribution scheme as determined on the basis of the CLA. In view of these agreements, the likelihood that this indexation leads to an additional obligation for Achmea is estimated to be very limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT TABLE POST-EMPLOYMENT BENEFITS

(€ MILLION)

	DEFINED BENEFIT OBLIGATION	FAIR VALUE OF INVESTMENTS BACKING DEFINED BENEFIT OBLIGATION	NET DEFINED BENEFIT LIABILITY 2021
Balance at 1 January	955		955
Net interest expense on net defined benefit liability	6		6
Other movements	−7		−7
Remeasurement of net defined benefit liability			
Actuarial gains and losses arising from changes in demographic assumptions			
Actuarial gains and losses arising from changes in financial assumptions	−59		−59
Experience gains and losses	−2		−2
Benefits paid by the plan			
Benefit payments	−33		−33
Balance at 31 December	**860**		**860**

MOVEMENT TABLE POST-EMPLOYMENT BENEFITS

(€ MILLION)

	DEFINED BENEFIT OBLIGATION	FAIR VALUE OF INVESTMENTS BACKING DEFINED BENEFIT OBLIGATION	NET DEFINED BENEFIT LIABILITY 2020
Balance at 1 January	952		952
Net interest expense on net defined benefit liability	9		9
Remeasurement of net defined benefit liability			
Actuarial gains and losses arising from changes in demographic assumptions	−18		−18
Actuarial gains and losses arising from changes in financial assumptions	46		46
Experience gains and losses	−1		−1
Benefits paid by the plan			
Benefit payments	−33		−33
Balance at 31 December	**955**		**955**

SIGNIFICANT ACTUARIAL ASSUMPTIONS AT REPORTING DATE (EXPRESSED AS WEIGHTED AVERAGE ASSUMPTIONS)

		2021		2020
	THE NETHERLANDS	OTHER COUNTRIES	THE NETHERLANDS	OTHER COUNTRIES
Discount rate	1.10	0.41	0.60	0.30
Future salary increases[1]		1.50		1.35
Future pension increases[1]				
Future pension increases for in-payment benefits	0.50		0.50	
Rates of employee turnover[1]		1.75		3.04

1 *In the Netherlands there are no more active members of a defined benefit scheme. Therefore these actuarial assumptions are no longer presented.*

The weighted average duration of the Defined Benefit Obligation is 14 years (2020: 15 years). The maturity of the expected undiscounted cash flows relating to the Defined benefit obligation is less than ten years for an amount of €357 million (31 December 2020: €358 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER PROVISIONS

(€ MILLION)

2021	RESTRUCTURING	LEGAL CLAIMS	EMPLOYEE BENEFITS (EXCLUDING POST-EMPLOYMENT BENEFITS)	OTHER	TOTAL
Balance at 1 January	25	17	42	74	158
Additions	23	2	5	11	41
Usage	–27	–1	–2	–6	–36
Released	–3	–6	–2	–4	–15
Changes due to reclassification		–2		2	
Foreign currency differences			–1		–1
Balance at 31 December	**18**	**10**	**42**	**77**	**147**
Current	18	2	5	39	64
Non-current		8	37	38	83
Balance at 31 December	**18**	**10**	**42**	**77**	**147**

(€ MILLION)

2020	RESTRUCTURING	LEGAL CLAIMS	EMPLOYEE BENEFITS (EXCLUDING POST-EMPLOYMENT BENEFITS)	OTHER	TOTAL
Balance at 1 January	47	13	38	56	154
Additions	33	9	9	23	74
Usage	–43		–2	–3	–48
Released	–12	–5	–2	–2	–21
Foreign currency differences			–1		–1
Balance at 31 December	**25**	**17**	**42**	**74**	**158**
Current	23	7	8	41	79
Non-current	2	10	34	33	79
Balance at 31 December	**25**	**17**	**42**	**74**	**158**

Restructuring

In the context of reorganisation programmes announced earlier, a provision was formed amounting to €18 million at (31 December 2020: €25 million). The most important assumptions used in determining this restructuring provision relate to the average salary, the reassignment period and the probability of a reassignment to another position within Achmea or elsewhere.

Legal claims

Legal claims include liabilities related to legal claims and possible compensations in relation to insurance and non-insurance activities of Achmea. Due to the nature of these liabilities, the expected maturity is uncertain, but most claims are expected to have a maturity of more than twelve months after the balance sheet date. The value of legal claims is determined based on management judgement, external professional assessment and experience. In the Income Statement, the expenses related to this provision are presented net of the amount recognised for reimbursement. The total amount deducted from legal claims in 2021 has a small impact on the net result.

Employee benefits (excluding post-employee benefits)

Employee benefits provisions include employee benefits payable after more than twelve months after the balance sheet date, including provisions for long-service benefits. These liabilities have different expected settlement dates, but the main part is expected to have a maturity of more than twelve months after the balance sheet date. The value of Employee benefits provisions is determined, based on management judgement, external professional assessment and experience.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Other

Other provisions consist of liabilities related to the business activities and various other liabilities. These liabilities have different expected settlement dates, but the main part is expected to have a maturity of less than twelve months after the balance sheet date. The value of Other provisions is determined based on management judgement, external professional assessment and experience. In Slovakia, a statutory measure for Health Insurance Companies applies, as a result of which Union Zdravotná Poist'ovna A.S. has made a provision as of 31 December 2021 for €35 million (31 December 2020: €40 million).

KEY ASSUMPTIONS AND ESTIMATES OTHER PROVISIONS

Post-employment benefits

The determination of the defined benefit plan liability is based on actuarial models and calculations using the projected unit credit method. Inherent in these actuarial models are assumptions for discount rates, rates of increase in future salary and benefit levels, mortality rates, expected healthcare costs and consumer price index. The assumptions are based on available market data and are updated annually. The rate used to discount the defined benefit obligation is determined by reference to market yields on high quality corporate bonds (AA rating or better). Achmea applies the Willis Towers Watson Rate: Link curve. Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each country. To determine the defined benefit obligation the projection table AG2020, including fund-specific mortality experience, has been applied in the Netherlands. The actuarial assumptions may differ from the actual results due to changes in market conditions, economic trends, mortality rates, and other assumptions. Any changes in these assumptions could have an impact on the valuation of defined benefit plans.

Other provisions

The determination of provisions is an inherently uncertain process involving estimates regarding amounts and timing of cash flows.

ACCOUNTING POLICIES OTHER PROVISIONS

Post-employment benefits

Contributions payable to defined contribution pension plans are recognised as an expense in the Income Statement when incurred. The net obligation in respect of defined benefit pension plans is calculated separately for each plan, using the 'projected unit credit method'. In accordance with this method, the future benefits that employees have earned in return for their service in the current period and prior periods are estimated. The rates used for salary developments, discounting and other adjustments reflect the specific country conditions. The liability is discounted to determine the present value. Subsequently, the fair value of plan assets is deducted in order to calculate the Net defined benefit liability/asset.

Current service cost and net interest on the Net defined benefit liability/asset based on assumptions at the beginning of the reporting period are included in the consolidated Income Statement. Remeasurements of the Net defined benefit liability are included in the Consolidated statement of comprehensive income. In calculating the Net defined benefit liability future employee contributions are included.

Achmea recognizes service costs for past employment as costs, at the first moment of:

A. plan amendment or occurrence of the curtailment; and
B. when it recognises related service cost or termination benefits.

Achmea recognises a gain or loss on settlement of a defined benefit plan when the settlement occurs. The present value of defined benefit assets at reporting date is recognised to the amount of the economic benefit that will be available to Achmea in the form of refund from the plan or reductions in future contributions. When Achmea is not unconditionally entitled to the surplus within the pension plan, the surplus is not recognised as a receivable on the Statement of Financial Position.

Other provisions

Other provisions are recognised when a legal or constructive obligation, which can be reliably estimated, exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the provision is to be used over a period longer than one year, expected cash flows are discounted. A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan, and the restructuring was either commenced or has been announced to the parties concerned prior to reporting date. Costs relating to the ongoing activities of Achmea are not provided for. Achmea's net obligation in respect of other long-term service benefits, other than pension plans, is the amount of future benefits that employees have earned in return for their service in the current period and prior periods. The obligation is calculated using the 'projected unit credit method' and is discounted to its present value. The fair value of related assets is deducted.

20. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale

Achmea has a portfolio of investment properties of which an amount of €7 million as at 31 December 2021 meets the criteria for 'Held for sale'. This part of the portfolio is classified as Assets classified as 'Held for sale'.

ACCOUNTING POLICIES ASSETS AND LIABILITIES HELD FOR SALE AND DIVESTMENTS

Assets or components of assets and related liabilities are classified as 'Held for sale' when it is highly probable that the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A sale of an asset or a group of assets is highly probable if:

- Achmea is committed to a plan to sell these assets and has an active programme to locate a buyer;
- The assets are actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification as 'Held for sale'.

Assets and liabilities classified as 'Held for sale' are measured at the lower of their carrying amount or fair value less costs to sell and are presented separately in the Statement of Financial Position.

If a loss occurs when classifying assets and liabilities as 'Held for sale', this loss is recognised in Other expenses in the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Other income statement

21. OTHER INCOME

(€ MILLION)

	2021	2020
Fee income from trust and other fiduciary activities	237	221
Income from service contracts	158	144
Revenue from subleasing a right of use	2	3
Other income	61	42
	458	**410**

The other income relates in particular to fees for property development, asset management and fees for pension administration for affiliated pension funds. This revenue is largely earned during the contract period (continuous service) and mainly in the Netherlands.

ACCOUNTING POLICIES OTHER INCOME

There are two categories of other income to be distinguished. First, revenue from a one-off performance that is accounted for in the period in which the performance is delivered. Secondly, revenues from continuous service over a period. If the result of such transaction can be estimated reliably, the proceeds relating to that transaction are accounted for in proportion to the performance performed. The result of a transaction can be estimated reliably when the size of the returns can be measured reliably, the economic benefits are likely to flow to Achmea, the degree of completion of the transaction at the end of the fiscal year can be reliably measured and the transaction costs and transaction completion costs can be measured reliably. If the result of a transaction involving continuous services cannot be estimated reliably, only returns are accounted for the amount of costs recovered ("zero profit method"). Revenues are valued at the fair value of the consideration received or on which entitlement is obtained.

Revenue is accounted for on the basis of progress, with progress being dependent on the nature of the agreement. If an agreement mainly relates to the provision of services, revenue is accounted for to the extent that the services are delivered to a certain date as a percentage of the total services to be provided. If the service includes a certain amount of transactions within a specific period, revenue is linearly accounted for.

22. INTEREST EXPENSES AND SIMILAR EXPENSES

(€ MILLION)

	2021	2020
Interest expenses:		
Instruments entrusted	42	45
Debt securities issued	30	54
Derivatives liabilities held for risk management	59	61
Interest expenses lease liabilities	2	3
Other interest expenses	70	70
Impairment provision banking credit portfolio	−2	3
Other banking expenses	1	1
	202	**237**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. OPERATING EXPENSES

(€ MILLION)

	2021	2020
Salaries	903	853
Social security charges	77	81
Pensions	254	241
Other	309	310
Staff costs	**1,543**	**1,485**
Depreciation Property for own use and equipment	33	35
Depreciation Right of use	24	28
General expenses[1]	532	510
Gross operating expenses	**2,132**	**2,058**
Commissions paid and accrued	573	585
Reinsurance profit sharing and commission	−26	−23
	2,679	**2,620**
Less: allocated Claims handling expenses	379	362
Less: allocated Investment expenses	1	2
	2,299	**2,256**

[1] The General expenses include the costs of low-value leases amounting to €0.7 million (2020: €0.2 million), the costs of leases with a term of between 1 month and 1 year amounting to €0 million (2020: €0 million) and variable costs under leases not included in the valuation of the lease liability amounting to €1.1 million (2020: €1.0 million). Stemming from sale-and-leaseback transactions, expenses of €0.3 million (2020: €0 million) and income of €0.3 million (2020: €0 million) are included under general expenses.

Operating expenses that meet the definition of Claims handling expenses respectively Investment expenses are presented as part of Net expenses from insurance contracts respectively Investment income. For more information on Pensions refer to Note 19 Other provisions.

Depreciation on the right-of-use asset amounting to €24 million (2020: €23 million) concern buildings for own use €16 million (2020: €17 million) and equipment €8 million (2020: €6 million).

Achmea does not make use of the Emergency Measures for Bridging Employment (NOW scheme).

The number of internal employees mentioned below only includes employees with which Achmea has an employment contract. An fte is based on a labour week of 34 hours (2020: 36 hours).

NUMBER OF EMPLOYEES (AT THE END OF THE YEAR, BASED ON FTE)

	ACHMEA NETHERLANDS	EUREKO SIGORTA	UNION POISTOVNA	INTERAMERICAN GREECE	OTHER	TOTAL 2021
Internal fte's	11,894	814	703	1,284	105	14,800
External fte's	1,778	79	11	148	8	2,024

	ACHMEA NETHERLANDS	EUREKO SIGORTA	UNION POISTOVNA	INTERAMERICAN GREECE	OTHER	TOTAL 2020
Internal fte's	11,113	772	658	1,266	112	13,921
External fte's	2,187	56	11	126	26	2,406

For the purpose of comparing the 2021 FTEs, the 2020 FTEs in the following table have been converted to the same standard of 34 hours.

	ACHMEA NETHERLANDS	EUREKO SIGORTA	UNION POISTOVNA	INTERAMERICAN GREECE	OTHER	TOTAL 2020
Internal fte's	11,747	818	697	1,340	118	14,720
External fte's	2,315	58	12	134	28	2,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Included in General expenses are expenses related to the audit firm performing the audit of the annual accounts of Achmea B.V. and its subsidiaries.

Ernst & Young Accountants LLP has been appointed as independent external auditor of Achmea with effect from 2021. The amounts included under 'Audit of financial statements' in the table are based on the expenses related to the audit of the annual accounts for the relevant financial year, regardless of whether the services of the independent external auditor and the audit firm have already been rendered in that financial year. The expenses include VAT. The expenses for 2020 are the expenses of PricewaterhouseCoopers, whose expenses incurred in 2021 are not included in the table below.

EXPENSES RELATED TO THE AUDIT:

(€ MILLION)

	ACHMEA NETHERLANDS	FOREIGN COUNTRIES	TOTAL 2021	ACHMEA NETHERLANDS	FOREIGN COUNTRIES	TOTAL 2020
Audit financial statements	7	1	8	6	1	7
Other audit services	1		1	1		1
	8	**1**	**9**	**7**	**1**	**8**

The other audit services performed by the independent auditor are:
- Statutory audit assignments
- Audit of other financial statements and audit of the regulatory reports under the Financial Supervision Act (Wft).
- Non-statutory assignments
- Audit of internal control procedures; audit of the recognition of fees and subsidies; audit of external reporting ZvW and WLZ for the regulators; audit of Solvency II reports under group supervision; specifically agreed services for third parties; audit of prospectuses and comfort letters; assurance services with regard to data conversion; audit of a separate financial statement or audit of a specific element, account or item of a financial statement; assurance assignments other than assignments to audit or review historical financial information; assurance assignments with regard to the annual report; assurance assignments relating to cost price models.

Expenses related to audit firms other than Ernst & Young Accountants LLP or PricewaterhouseCoopers Accountants N.V. are as follows: other audit services €0 million (2020: €0 million), other non-audit services €4 million (2020: €4 million) mainly relating to advisory and consulting services.

ACCOUNTING POLICIES OPERATING EXPENSES

The accounting policies for operating expenses are closely connected with those for the associated balance sheet items. Please refer to the accounting policies for the associated balance sheet items.

24. OTHER EXPENSES

(€ MILLION)

	2021	2020
Amortisation charges on intangible assets	28	26
Impairment losses on intangible assets	5	1
Impairments of receivables and accruals	-11	52
Other expenses	50	69
	72	**148**

Other expenses mainly consist of Other provision transfers of €7 million (2020: €17 million), donations of €12 million (2020: €11 million) and changes resulting from the termination of lease rights on property for own use and equipment of €10 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. INCOME TAX EXPENSES

RECONCILIATION OF EFFECTIVE TAX AMOUNT

(€ MILLION)

	2021	2020
Result before tax	585	630
Dutch corporate tax rate	25.0%	25.0%
Income tax using the Dutch corporate tax rate	146	158
Effect of tax rates in foreign jurisdictions	−3	−1
Tax effect on:		
Non-deductible expenses	3	−1
Tax exempt revenues	−4	−62
Participation exemption	−1	−6
Non-deductible losses	9	11
Perpetuals[1]	−14	−14
Other		−5
Regular (temporary) differences	**−7**	**−77**
Change in tax rate	**−19**	**−92**
Effective tax amount	**117**	**−12**

1. *The tax effects on perpetuals were presented in the 2020 financial statements under Other. This is broken down in the comparative figures.*

The effective tax rate in 2021 amounts to 19,9% (2020: -1,8%).

SPECIFICATION OF THE CURRENT AND THE DEFERRED INCOME TAX

(€ MILLION)

	2021	2020
Current income tax		
Current year	103	221
Under provided in prior years	2	
	105	**221**
Deferred income tax		
Origination and reversal of timing differences	12	−233
	12	**−233**
Total income tax expense in Income Statement	**117**	**−12**

Deferred income tax of €12 million (2020: €-233 million) which will be disclosed in more detail in Note 15 Deferred tax assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OVERVIEW INCOME TAX EXPENSES ACHMEA BY GROSS PREMIUMS PER BUSINESS LINE

(€ MILLION)

	GROSS WRITTEN PREMIUMS 2021	GROSS WRITTEN PREMIUMS 2020	RESULT BEFORE TAX 2021	RESULT BEFORE TAX 2020	INCOME TAX EXPENSES 2021	INCOME TAX EXPENSES 2020
Dutch taxable activities per segment						
Non-life Netherlands	3,766	3,668	264	260	70	75
Pension & Life Netherlands	859	1,005	392	253	68	−40
Retirement Services Netherlands			18	22	5	7
International activities	1,260	1,104	47	23	13	15
Other activities	312	289	−146	−163	−38	−67
	6,197	**6,066**	**575**	**395**	**118**	**−10**
Dutch non-taxable activities per segment						
Health Netherlands [1]	14,025	14,284	10	235	−1	−2
Intersegment eliminations	−196	−175				
Total Dutch activities	**20,026**	**20,175**	**585**	**630**	**117**	**−12**
International activities						
Turkey	236	231	13	27	2	5
Slovakia	609	487	27	−2	4	1
Greece	367	351	45	27	7	9
Other	48	35	−38	−29		
Total International activities	**1,260**	**1,104**	**47**	**23**	**13**	**15**

[1] The primary health care activities of Achmea are exempt from income tax (Article 5(1)(e) of the Dutch Corporate Income Tax Act 1969). Achmea meets the requirement that profits can only be used for public health institutes.

Valuation of corporate tax income payable

The valuation of the corporate income tax depends, among other things, on the application of tax legislation and rulings in legal proceedings. Specific terms and clauses contained in tax legislation may apply to certain transactions or circumstances and may lead to different outcomes. The actual corporate income tax can therefore lead to different cash flows from the tax position.

ACCOUNTING POLICIES INCOME TAX EXPENSES

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised in Total equity, in which case these items are recognised in Total equity net of taxes. Expected tax receivables or payables are based on the taxable profit or loss for the year using tax rates enacted or substantially enacted at reporting date, and any adjustment to income tax receivable or payable in respect of previous years. In the measurement of the current income tax position, uncertainties regarding collectability have been taken into account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. NET OTHER COMPREHENSIVE INCOME

(€ MILLION)

	2021			2020		
	OTHER COMPREHENSIVE INCOME BEFORE TAX	INCOME TAX EXPENSE	NET OTHER COMPREHENSIVE INCOME	OTHER COMPREHENSIVE INCOME BEFORE TAX	INCOME TAX EXPENSE	NET OTHER COMPREHENSIVE INCOME
Remeasurements of net defined benefit liability	−28	7	−21	40	−10	30
Unrealised gains and losses on property for own use	−25	6	−19	8	−2	6
Currency translation differences (including realisations) on subsidiaries, goodwill, associates and joint ventures	−46	4	−42	−47	1	−46
Unrealised gains and losses on financial instruments 'Available for sale'	−463	132	−331	932	−244	688
Share in other comprehensive income of Associates and joint ventures	1		1	1		1
Changes in the Provision for discounting of insurance liabilities from unrealised investment income	740	−181	559	−819	205	−614
Gains and losses on financial instruments 'Available for sale' reclassified to the Income Statement on disposal	−573	130	−443	−540	122	−418
Reclassification to the Income statement as Provision for discounting of insurance liabilities from realised investment income	326	−82	244	332	−83	249
Impairment charges on financial instruments 'Available for sale' reclassified to the Income Statement on disposal	14	−3	11	74	−15	59
Total other comprehensive income	**−54**	**13**	**−41**	**−19**	**−26**	**−45**

27. EARNINGS PER SHARE

(€ MILLION)

	2021	2020
Net result	468	642
Coupon payments on other equity instruments	−55	−55
Dividends on preference shares[1]	−17	−17
Net result attributable to holders of ordinary shares	**396**	**570**

1 A distribution was made to the holders of preference shares in the amount of €20 million (2020: €20 million). Achmea B.V. received €3 million (2020: €3 million) thereof on the depositary receipts it holds in Stichting Administratiekantoor Achmea Tussenholding.

Net income available for distribution to holders of ordinary shares fully relates to continuing operations

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	2021	2020
Issued ordinary shares at 1 January	390,002,711	390,002,711
Weighted average number of ordinary shares	**388,901,403**	**390,002,711**

Earnings per share are calculated as the quotient of Net result attributable to ordinary shareholders and the weighted average number of ordinary shares. The diluted earnings per share equal the earnings per share from continuing operations.

EARNINGS PER SHARE

	2021	2020
Earnings per share continuing operations (in euros per share)	1.02	1.46
Basic earnings per share (in euros per share)	**1.02**	**1.46**

Other notes

28. HEDGE ACCOUNTING

Achmea applies fair value hedge accounting for the interest rate risk related to banking activities. The fair value of the interest rate derivatives of the banking activities designated as hedging instrument for the purpose of hedge accounting as at 31 December 2021 amounted to €276 million (31 December 2020: €373 million). Fair value hedge accounting implies that the fair value movements from the hedging instrument and the fair value movements from the hedged item that are attributable to the hedging risk are recognised in the Income statement. The interest rate derivatives of the banking activities consist of interest rate derivatives as hedging instruments related to the Banking credit portfolio, as well as interest rate derivatives as hedging instruments for financing operations.

The fair value of the interest derivatives designated as hedging instruments related to the Banking credit portfolio amounts to €276 million at year-end 2021 (31 December 2020: €426 million). In accordance with hedge accounting policies, Achmea determines the hedge relationship every six months. The change in fair value of the Banking credit portfolio that is designated as the hedged item is recognised as part of the Banking credit portfolio and is subsequently amortised to profit or loss over the remaining life of the hedging instrument. The change in fair value of the interest derivatives designated as hedging instruments related to financing operations of the banking activities amounts to nil at year-end 2021 (31 December 2020: €-53 million). In accordance with hedge accounting policies, Achmea determines the hedge relationship for the life of the hedging instrument. The change in fair value of the financing operations that are designated as the hedged items is recognised as part of the Financial liabilities and is subsequently amortised to profit or loss over the remaining life of the hedging instrument, taking into account the development of the yield curve.

The results on hedge accounting for the banking activities are as follows:

RESULTS ON HEDGE ACCOUNTING

(€ MILLION)

	GAINS	LOSSES	TOTAL 2021	GAINS	LOSSES	TOTAL 2020
Fair value changes of the hedged item attributable to the hedged risk	128	−211	−83	142	−134	8
Fair value changes of the related derivatives (including discontinuation)	230	−127	103	142	−148	-6
Fair value changes of the hedging instrument - ineffective portion	358	−338	20	284	−282	2

Currency derivatives are used as hedging instruments. The fair value of the currency derivatives designated as hedging instrument for the purpose of hedge accounting as at 31 December 2021 amounted to €7 million (31 December 2020: €-19 million). The fair value of foreign exchange contracts varies with the foreign exchange rate which corresponds with the fair value changes related to foreign currency differences of an investment in a foreign currency. Furthermore a change in the forward premium affects the value development of the derivative, and this part of the value development is not included in hedge accounting. The fair value changes of the hedged item attributable to the hedged risk amounted to €53 million (2020: €-55 million) and the fair value changes of the related derivatives amounted to €-72 million (2020: €53 million), including value changes resulting from changes in the forward premium.

ACCOUNTING POLICIES HEDGE ACCOUNTING

Achmea applies fair value hedge accounting for its banking and treasury operations and certain investment portfolios. When Achmea applies fair value hedge accounting, a fair value adjustment is recognised in the Income Statement that reflects the changes in the fair value of the hedged items attributable to the hedged risk. Achmea assesses the effectiveness of the hedge relationship at each reporting date. The hedge relationship is discontinued when the effectiveness is not within the 80%-125% range or when the hedge is terminated or revoked. Achmea starts amortising the related fair value adjustment over the remaining duration of the hedged item when the hedge relationship is discontinued. When Achmea applies cash flow hedge accounting or applies hedge accounting for a net investment in a foreign operation, the fair value changes of the hedging instruments net of taxes are, for the effective part of the hedge relationship, recognised in the Hedging reserve, part of Total equity. Fair value changes due to ineffective parts of the hedge relationship are recognised in the Income Statement. Amounts accumulated in Total equity are recycled through the Income Statement in the periods in which the hedged item affects Net result.

29. CONTINGENCIES

Legal procedures

Achmea B.V. and companies forming part of Achmea are involved in lawsuits and arbitration proceedings. These proceedings relate to claims instituted by and against these companies arising from ordinary operations and mergers, including the activities carried out in their capacity as insurer, credit provider, service provider, employer, investor and tax payer. Although it is not possible to predict or determine the outcomes of pending or imminent legal proceedings, the Executive Board believes that it is unlikely that the outcomes of the actions will have a material, negative impact on the financial position of Achmea B.V.

Contingent liabilities

Achmea B.V. has issued guarantees on behalf of subsidiaries that relate to the activities of these subsidiaries, carried out in their capacity as insurer, credit provider, service provider, employer, investor and tax payer. Achmea B.V. also issued guarantees for third parties under sales transactions.

CONTINGENT LIABILITIES

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Guarantees	86	87
Total	**86**	**87**

The Netherlands-based insurance companies of Achmea provided the ‘Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V.’ with guarantees to a maximum of €38 million (2020: €39 million). Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. is a company in which the participating insurance companies pool the claims and risks related to terrorism.

Achmea B.V. has provided Vereniging Achmea and Rabobank with an indemnity for amounts imposed by the Australian supervisor related to the activities of the Australian branch of Achmea Schadeverzekeringen N.V. in case the Australian supervisor will impose on Vereniging Achmea and Rabobank as shareholder of the ultimate parent of Achmea Schadeverzekeringen N.V. additional obligations and responsibilities relating to these Australian activities. No material losses are expected in respect of this indemnity. Due to its nature, this indemnity is not to be quantified.

UNRECOGNIZED CONTRACTUAL COMMITMENTS

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Commitments related to investments	1,466	1,155
Total	**1,466**	**1,155**

At year-end 2021 Achmea has contractual liabilities in connection with credit facilities for customers, that are part of the building account agreements. If the clients meet the conditions, Achmea is obliged to provide credits in the amount of €115 million (2020: €86 million).

Achmea provides mortgage loans for its own account and for the account and risk of its clients (pension funds). In this capacity Achmea has commitments arising from offers for mortgage loans. If the clients accept the offers Achmea is obliged to provide mortgage loans in the amount of €1 billion (2020: €717 million). This commitment is offset by a received guarantee of €164 million (2020: €143 million).

Contingent liabilities in respect of shares subject to a put option agreement

Under the terms of the Assignment of Put Option Agreements concluded on 30 May 2005, upon exercise of their put option, a number of minority shareholders of Achmea B.V. (then known as Eureko B.V.) have the right to sell all or part of their shares to a third party. Achmea B.V.'s contractual obligation to repurchase the shares, in case of exercise of a put option by a minority shareholder, has been taken over by the relevant third party. When a put option is subsequently exercised and the offered shares are transferred to this third party, a group company designated by Achmea B.V. ('Achmea entity') has the obligation to enter into a derivative transaction with that third party. Upon entering into this transaction, the Achmea entity pays to that third party as buyer of the shares an upfront amount that is equal to the purchase price owed by this buyer to the selling shareholder under the put option in question and that is determined in the manner stipulated in the contract. The value of the outstanding put options will be determined between buyer and seller upon exercise or transfer and cannot be accurately determined as at the balance sheet date. Based on the number of outstanding put options, the value of the upfront amount is expected to be in the range of €60 million and €75 million.

Through the derivative transaction, part of the risk of change in value of the shares is taken over by the Achmea entity from the third party.

On 25 June 2013, the Achmea entity entered into the first derivatives transaction with the third party following the exercise of the put option by one of the minority shareholders of Achmea B.V. That third party then bought the shares of the shareholder in question and in turn transferred them by way of administration to Stichting Beheer Aandelen Achmea against the issue of depositary receipts for those shares to that third party.

During the term of the derivative transaction and if and insofar as the third party receives dividend from Achmea B.V. on the depositary receipts for shares in Achmea B.V. held by the third party, the third party is obliged to pay the amount of dividend received to the Achmea entity. However, this dividend remains with Achmea B.V. due to the waiver of the right to dividend by that third party on 30 May 2005. In compensation for this loss of income at the Achmea entity, insofar as a dividend is distributed by Achmea B.V., a payment will be made by Achmea B.V. to that Achmea entity in the amount of the payment that would otherwise be received from that third party. The Achmea entity in turn owes a fixed annual fee to the third party.

On 21 December 2021, Achmea B.V. purchased the shares held by Stichting Beheer Aandelen Achmea and the associated derivative transaction was terminated. The Achmea entity has received back from the third party the upfront amount paid in advance, corrected with that portion of the change in value of the (depositary receipts for) shares in Achmea B.V. that remains for the account of the Achmea entity during the term of the derivative transaction.

Number of outstanding options:

NUMBER OF OUTSTANDING OPTIONS

	31 DECEMBER 2021	31 DECEMBER 2020
Schweizerische Mobiliar Holding AG	2,769,246	2,769,246
Gothaer Allgemeine Versicherung AG	1,849,108	1,849,108
Gothaer Finanz Holding AG	2,206,482	2,206,482
Total	**6,824,836**	**6,824,836**

Contingent assets

Conflict between the Slovak Government and Achmea B.V.

In conflict with an agreement to encourage investments between the Slovak Republic and the Netherlands, the Slovak government enforced a ban on the distribution of profit on Slovak health insurers, including Union Zdravotná Poist'ovna A.S., a Slovak subsidiary of Achmea, in the period from 2007 until August 2011.

Achmea sought compensation for the incurred loss and statutory interest paid through an international arbitration tribunal. In December 2012 the arbitration tribunal decided in favour of Achmea. Under this decision the Slovak Government is required to compensate Achmea for damages incurred and the statutory interest paid. The compensation amounted to approximately €25 million.

The Slovak Government has publicly stated that it will not pay the amounts awarded to Achmea and has submitted the arbitration verdict for annulment to a German Court. In the first court hearing, the annulment request of the Slovak Republic has been rejected. The Slovak Government has appealed against this judgment to the Bundes Gerichtshof in Karlsruhe. The Bundes Gerichtshof raised some legal issues with the European Court of Justice. In March 2018 the Court of Justice ruled that the arbitration clause in the bilateral investment treaty on which the arbitration proceedings were based, was invalid. Partly based on this ruling of the European Court, the Bundesgerichtshof delivered its judgment. The Bundesgerichtshof followed the ruling of the European Court of Justice and overturned the arbitration verdict. Achmea has appealed against the judgment in Germany and has submitted a claim for damages in Slovakia. These procedures are ongoing.

Because of the compounding statutory interest, Achmea's claim now amounts to approximately €31 million (2020: €31 million). In view of the proceedings in Germany, Achmea does not consider the receivable amounts to be sufficiently certain to recognise it as an asset.

30. CREDIT QUALITY FINANCIAL ASSETS

The table below provides an overview of the credit quality of the financial investments based on (external) rating information. It also shows for which part of the financial investments no (external) rating is available.

EXTERNAL CREDIT RATING ASSETS (€ MILLION)

31 DECEMBER 2021	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Investments								
Fixed income investments[1]	7,911	4,847	6,028	6,802	7,867	753	20,894	55,102
Derivatives		97	3,633	1,997	13	10	767	6,517
Other financial investments				7,727	3	16	1,557	9,303
Amounts ceded to reinsurers			275	275	8	4	175	737
Receivables		2,501	45	46	12	7	3,564	6,175
Cash and cash equivalents		817	341	369	1	13	28	1,569

1 Loans and mortgages without a rating relate to NHG mortgages (mortgages with National Mortgage Guarantee) for an amount of €6,306 million.

The table above/below includes the rating of financial instrument. Several external rating agencies are used to determine the rating of these financial instruments. In line with Achmea's internal policy for monitoring market risks, these ratings are translated to the S&P taxonomies. If there are multiple ratings available for the same financial instrument, the second best rating is used. If an instrument does not have an external rating, the rating of the issuing party is considered to be an appropriate rating of the financial instruments. However, if the instrument is guaranteed by a third party or the issuing party itself does not have a rating, the rating of the party guarantying the financial instrument is used. In all other cases, the instruments are included in table above/below as non-rated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EXTERNAL CREDIT RATING ASSETS

(€ MILLION)

31 DECEMBER 2020	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Investments								
Fixed income investments[1]	9,184	4,333	6,555	6,682	7,803	723	21,170	56,450
Derivatives		1	5,673	2,863	104	8	524	9,173
Other financial investments			1,365	6,976	3		1,033	9,377
Amounts ceded to reinsurers			389	160	6	35	95	685
Receivables		2,537	47	29	11	9	3,533	6,166
Cash and cash equivalents		938	258	908	1	48	31	2,184

1 Loans and mortgages without a rating relate to NHG mortgages (mortgages with National Mortgage Guarantee) for an amount of €6,624 million.

The following table provides an overview of the carrying amounts of financial assets that are past due or impaired.

FINANCIAL ASSETS THAT ARE PAST DUE OR IMPAIRED

(€ MILLION)

	PAST DUE BUT NOT IMPAIRED				IMPAIRED ASSETS
31 DECEMBER 2021	0 - 3 MONTHS	3 MONTHS - 1 YEAR	MORE THAN ONE YEAR PAST DUE	AMOUNT OVERDUE	CARRYING AMOUNT AFTER IMPAIRMENT
Investments					
Fixed income investments					81
Amounts ceded to reinsurers	2	3	3	8	
Receivables and accruals	46	9	70	125	130
31 DECEMBER 2020					
Investments					
Fixed income investments					98
Amounts ceded to reinsurers	1	1	1	3	
Receivables and accruals	55	11	57	123	121

The table below provides an overview of asset and liabilities subject to offsetting, enforceable Master Netting Agreements and similar agreements.

FINANCIAL ASSETS AND LIABILITIES SUBJECT TO OFFSETTING, ENFORCABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

(€ MILLION)

31 DECEMBER 2021	GROSS AMOUNTS OF RECOGNISED FINANCIAL ASSETS	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES	NET AMOUNTS OF FINANCIAL ASSETS/ LIABILITIES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION[1]	BALANCE OF THE FINANCIAL ASSETS AND LIABILITIES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	FINANCIAL INSTRUMENTS RECEIVED	CASH COLLATERAL RECEIVED (EXCLUDING SURPLUS COLLATERAL)	NET AMOUNT
Derivatives assets	6,315		6,315				
Derivatives liabilities		1,427	1,427				
				4,888	1,647	2,353	888
Cash and cash equivalents	6,644	5,595	1,049	1,049			1,049
31 DECEMBER 2020							
Derivatives assets	9,038		9,038				
Derivatives liabilities		2,851	2,851				
				6,187	2,865	2,515	807
Cash and cash equivalents	6,807	4,745	2,062	2,062			2,062

1 The net amounts for the derivatives are not equal to the balance sheet positions for both the assets and the liabilities. As of 31 December 2021, the difference for the assets is €48 million (2020: €49 million) due to equity derivatives without a netting agreement. For the liabilities, the difference as at 31 December 2021 is €0 million (2020: €19 million). This derivative is related to an exercised put option.

Disclosures concerning the temporary exemption from IFRS 9

IFRS 9 entered into force on 1 January 2018. Achmea made an assessment as at the reference date 31 December 2015 of whether it was eligible for a temporary exemption (deferral) in relation to IFRS 9. The deferral approach is permitted if the percentage of liabilities connected with insurance relative to the total amount of liabilities is greater than 90 per cent or it is between 80% and 90% and it can be shown that a company does not engage in a significant activity unconnected with insurance.

Since then Achmea has determined annually that postponement of the application of IFRS 9 is permitted. With effect from the 2021 financial year, Achmea will no longer carry out this assessment, as it is no longer relevant. IFRS 17 was endorsed by the EU in 2021 and is effective from 1 January 2023. As a result Achmea will apply IFRS 9 as of 1 January 2023, regardless of whether it meets the conditions of the deferral approach.

Within Achmea Group, the insurance entities have also applied a temporary exemption from IFRS 9 in respect of the 2021 financial statement. As it is not an insurance company, Achmea Bank has applied IFRS 9 in the 2021 financial statements. These financial statements can be obtained from the Achmea Bank website. Most of the other entities within the group do not apply the IFRS 9 in drawing up the financial statements.

Because Achmea has deferred the implementation of IFRS9, additional information must be included on the cash flow characteristics of financial instruments and, for those financial instruments with contractual cash flows consisting of repayments of the principal and interest payments, information on the credit quality. This information is included in the tables on the following page.

The first table on the following page includes information on the cash flow characteristics for all financial assets. Achmea is currently working on the implementation of the principles in IFRS 9, including the elaboration of the business model. In anticipation of the specifics of the business model investments in the amount of €836 million (2020: €871 million), including €519 million (2020: €537 million) relating to investments in fixed income securities, have been included in other financial assets (non-“Solely Payments of Principal and Interest” (hereafter non-SPPI), including held for trading or managed on a fair value basis). Under IAS 39 these investments were classified as Available for sale. The inclusion of these financial instruments in other financial assets follows from the expectation that these investments will be categorised as ‘managed on a fair value basis’. For these investments no SPPI test is required under IFRS 9 and therefore Achmea has opted not to develop an SPPI test for these financial instruments yet. The specifics of the business model under IFRS 9 have not yet been developed, which means these instruments may be included in the SPPI test in future.

Furthermore all investments backing linked liabilities and classified as Fair Value through Profit &Loss (FVPL) under IAS 39 are included in other financial assets (non-SPPI, including held for trading or managed on a fair value basis). This is based on the expectation that these investments will be recognised as FVPL upon the implementation of IFRS 9 in combination with IFRS 17, due to the accounting mismatch arising from the valuation model which is expected to be applied for the insurance liabilities under IFRS 17 or the business model for these investments. Specifically it concerns Investments backing linked liabilities amounting to €15,305 million (2020: €15,250 million), including €10,638 million (2020: €10,698 million) relating to investments in fixed income securities. If the provisional conclusions on the business model or the provisional conclusions on the applicable valuation model for the insurance liabilities under IFRS 17 change, this may affect the notes to the table on the following page and a larger part of the financial assets may be included as SPPI-compliant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CASHFLOW-CHARACTERISTICS FINANCIAL ASSETS WITHIN SCOPE OF IFRS 9

(€ MILLION)

	FINANCIAL ASSETS THAT MEET THE SPPI TEST, EXCLUDING FINANCIAL ASSETS THAT MEET THE DEFINITION OF HELD FOR TRADING OR THAT ARE MANAGED AND EVALUATED ON A FAIR VALUE BASIS			ALL OTHER FINANCIAL ASSETS: I.E. FINANCIAL ASSETS THAT DO NOT MEET THE SPPI TEST, THAT DO MEET THE DEFINITION OF HELD FOR TRADING, OR THAT ARE MANAGED AND EVALUATED ON A FAIR VALUE BASIS			TOTAL		
	BOOK VALUE AS AT 31 DECEMBER 2021	FAIR VALUE AS AT 31 DECEMBER 2021	CHANGE IN FAIR VALUE FOR THE YEAR 2021	BOOK VALUE AS AT 31 DECEMBER 2021	FAIR VALUE AS AT 31 DECEMBER 2021	CHANGE IN FAIR VALUE FOR THE YEAR 2021	BOOK VALUE AS AT 31 DECEMBER 2021[1]	FAIR VALUE AS AT 31 DECEMBER 2021	CHANGE IN FAIR VALUE FOR THE YEAR 2021
Investments									
Equities and similar investments				7,210	7,210	1,394	7,210	7,210	1,394
Fixed income investments	48,973	49,276	−892	6,122	6,122	−59	55,095	55,398	−951
Derivatives				6,517	6,517	−2,827	6,517	6,517	−2,827
Other financial investments	1,137	1,246	−30	8,111	8,111	−136	9,248	9,357	−166
Receivables and accruals	969	974	−4				969	974	−4
Cash and cash equivalents	1,569	1,569					1,569	1,569	

CASHFLOW-CHARACTERISTICS FINANCIAL ASSETS WITHIN SCOPE OF IFRS 9

(€ MILLION)

	FINANCIAL ASSETS THAT MEET THE SPPI TEST, EXCLUDING FINANCIAL ASSETS THAT MEET THE DEFINITION OF HELD FOR TRADING OR THAT ARE MANAGED AND EVALUATED ON A FAIR VALUE BASIS			ALL OTHER FINANCIAL ASSETS: I.E. FINANCIAL ASSETS THAT DO NOT MEET THE SPPI TEST, THAT DO MEET THE DEFINITION OF HELD FOR TRADING, OR THAT ARE MANAGED AND EVALUATED ON A FAIR VALUE BASIS			TOTAL		
	BOOK VALUE AS AT 31 DECEMBER 2020	FAIR VALUE AS AT 31 DECEMBER 2020	CHANGE IN FAIR VALUE FOR THE YEAR 2020	BOOK VALUE AS AT 31 DECEMBER 2020	FAIR VALUE AS AT 31 DECEMBER 2020	CHANGE IN FAIR VALUE FOR THE YEAR 2020	BOOK VALUE AS AT 31 DECEMBER 2020[1]	FAIR VALUE AS AT 31 DECEMBER 2020	CHANGE IN FAIR VALUE FOR THE YEAR 2020
Investments									
Equities and similar investments				6,638	6,638	541	6,638	6,638	541
Fixed income investments	50,630	50,795	665	5,811	5,811	59	56,441	56,606	724
Derivatives				9,173	9,173	2,206	9,173	9,173	2,206
Other financial investments	1,365	1,504	−34	7,964	7,964	−125	9,329	9,468	−159
Receivables and accruals	1,313	1,321	3				1,313	1,321	3
Cash and cash equivalents	2,184	2,184					2,184	2,184	

1 The tables above only include financial instruments which are expected to fall under IFRS 9. Certain financial instruments are expected to be included as part of the valuation of the insurance liabilities under IFRS 17. Therefore the carrying amount differs from the amounts stated in Note 5 Investments and Note 16 Receivables and accruals. This concerns for example premium receivables and receivables from insurers under recourse.

The table below shows the credit quality of all instruments meeting the SPPI test. The last column states per category of financial assets the amount of financial instruments that do not have a low credit risk. For now this is defined as instruments with a rating lower than 'below investment grade'. For now these investments are included under 'Financial assets that do not have low credit risk'.

For financial instruments included in Investments with 'no rating' the details of low credit risk still have to be specified. For now these are included in the table below under 'Financial assets that do not have low credit risk'. This concerns mortgage receivables for an amount of €20,182 (2020 €20,679 million), for which it is expected that no use will be made of the permitted simplification to determine whether a significant deterioration in credit quality has occurred. Furthermore the table below includes Receivables in the column 'Financial assets that do not have low credit risk', as Achmea intends to apply the so-called simplified methodology for determining credit losses in the application of IFRS 9. Expected credit losses are calculated for the entire lifetime of an instrument, making it unnecessary to determine whether a significant deterioration in credit quality has occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL ASSETS THAT ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST (SPPI, EXCLUDING FINANCIAL ASSETS THAT MEET THE DEFINITION OF HELD FOR TRADING OR THAT ARE MANAGED AND EVALUATED ON A FAIR VALUE BASIS)

(€ MILLION)

31 DECEMBER 2021									FINANCIAL ASSETS THAT DO NOT HAVE LOW CREDIT RISK	
	AAA GOVERNMENT BONDS	AAA	AA	A	BBB	BELOW BBB	NO RATING	TOTAL BOOK VALUE SPPI ASSETS	TOTAL FAIR VALUE	TOTAL BOOK VALUE
Investments										
Fixed income investments	6,398	4,682	4,448	5,950	6,549	132	20,814	48,973	21,248	20,946
Other financial investments				1,121		16		1,137	16	16
Receivables and accruals			14	9	10	0	936	969	937	936
Cash and cash equivalents		817	341	369	1	13	28	1,569	41	41

FINANCIAL ASSETS THAT ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST (SPPI, EXCLUDING FINANCIAL ASSETS THAT MEET THE DEFINITION OF HELD FOR TRADING OR THAT ARE MANAGED AND EVALUATED ON A FAIR VALUE BASIS)

(€ MILLION)

31 DECEMBER 2020									FINANCIAL ASSETS THAT DO NOT HAVE LOW CREDIT RISK	
	AAA GOVERNMENT BONDS	AAA	AA	A	BBB	BELOW BBB	NO RATING	TOTAL BOOK VALUE SPPI ASSETS	TOTAL FAIR VALUE	TOTAL BOOK VALUE
Investments										
Fixed income investments	7,674	4,191	5,053	5,984	6,490	167	21,071	50,630	21,403	21,238
Other financial investments			1,365					1,365		
Receivables and accruals			15	9	4	1	1,284	1,313	1,289	1,285
Cash and cash equivalents		938	258	908	1	48	31	2,184	79	79

31. TRANSFER OF FINANCIAL ASSETS AND SECURITIES

Achmea transfers financial assets when it transfers the contractual rights to receive cash flows from the financial asset. In addition, Achmea transfers financial assets when it retains the aforementioned contractual rights, but enters into a contractual obligation to pay the received cash flows to one or more third parties. Achmea distinguishes the following transactions in the context of the transfer of rights (assets and securities):

- Transferred financial assets not (fully) derecognised in the event of securities lending. With these transactions Achmea transfers the legal ownership (but not the beneficial ownership) of assets and receives collateral in the form of cash or cash equivalents or other investments. The transferred assets are still recognised in the Statement of Financial Position;
- Transferred financial assets which are fully derecognised and over which Achmea no longer has control (regular sale);
- Providing mortgage receivables as collateral when raising loans for the banking business; and
- Receiving or providing collateral in the event of derivatives transactions. Received collateral in the form of cash or cash equivalents is recognised in the Statement of Financial Position with simultaneous recognition of a repayment obligation in the Statement of Financial Position. Received collateral in the form of cash or cash equivalents is normally invested in designated high quality, liquid investments. Provided collateral in the form of cash or cash equivalents is no longer recognised in the Statement of Financial Position. For the right to receive the collateral back a receivable is recognised in the Statement of Financial Position. Received collateral in the form of investments is not recognised in the Statement of Financial Position, provided collateral in the form of investments are still recognised in the Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following notes provide further information on the transferred financial assets not or not (fully) derecognised and on collateral received or provided as security.

SECURITIES LENDING ACTIVITIES

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Carrying amount of transferred financial assets in the balance sheet	3,706	4,010
Fair value of non-cash collateral received not in the balance sheet	3,867	4,269
Net exposure	**–161**	**–259**

Achmea lends bonds and receives a fee for this (also called securities lending). The process of securities lending is facilitated by a lending agent, who receives a fee for its intermediary services between Achmea and the borrower. Securities lending involves transfer of the legal ownership to the borrower, whereas the beneficial ownership remains with Achmea. The securities lent are therefore still recognised in the Statement of Financial Position.

As security for performance of the obligation to return the borrowed securities, the borrower provides collateral in the form of other high quality liquid securities. The value of the borrowed securities and the related collateral is determined daily by means of so-called 'margin calls'. The collateral may consist of bonds or shares. Legal ownership of this collateral is transferred to Achmea, but beneficial ownership remains with the borrower. Therefore the collateral is not recognised in the Statement of Financial Position. The value of the collateral is at least 2-7% higher (so-called haircut) than the value of the securities lent. For collateral in the form of shares Achmea requires a higher haircut, given the higher volatility of shares. If a borrower fails to return the securities lent, the lending agent will liquidate the collateral and subsequently purchase the same securities as lent by Achmea and return these to Achmea. Any losses are not for the account of Achmea. If the lending agent is unable to return the same securities, Achmea will receive the market value of the securities lent in cash. The received collateral is not freely disposable and may not serve as collateral in other transactions.

Loans part of banking credit portfolio collateralised by mortgages

To finance the loans raised for its banking activities, Achmea has issued several funding instruments, secured by collateralised mortgage receivables part of the investments of the banking business. Due to these collaterals part of the mortgage receivables is not freely disposable.

LOANS PART OF BANKING CREDIT PORTFOLIO COLLATERALISED BY MORTGAGES

(€ MILLION)

	CARRYING AMOUNT	CARRYING AMOUNT	FAIR VALUE	FAIR VALUE
	31 DECEMBER 2021	31 DECEMBER 2020	31 DECEMBER 2021	31 DECEMBER 2020
Mortgages banking credit portfolio	11,364	12,108	11,664	12,261
Secured Loans and borrowings	2,228	1,851	2,191	1,811
Net position	**9,136**	**10,257**	**9,473**	**10,450**

MORTGAGES HELD AS COLLATERAL

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Collateral provided for trust arrangements	148	115
Collateral provided for covered bonds	2,793	2,117
Collateral provided for securitisation	2,153	1,094
	5,094	**3,326**

Collaterals provided for trust arrangements

Achmea Bank N.V. (a subsidiary of Achmea B.V.) periodically pledges mortgage receivables to a Trustee as security for designated liabilities. In the event of default by Achmea Bank N.V., investors can recover the debt from the mortgage receivables given as collateral.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Collaterals provided for covered bonds

Achmea Bank N.V. has a covered bonds programme. The payment of the principal of interest on the bonds issued is guaranteed by a bankruptcy remote 'Special Purpose Vehicle' (SPV). The guarantee provided by this entity is supported by mortgage receivables, given as collateral by Achmea Bank N.V. to this entity. The outstanding amount of these transferred mortgage receivables will at all times be at least 7% higher than the bonds issued under the programme. In the event of default by Achmea Bank N.V., an investor has recourse on the bank and the underlying mortgage portfolio.

Collaterals provided for securitisation

Achmea Bank N.V. uses securitisation as a funding source. In all these securitisation transactions, Achmea Bank N.V. assigns a portfolio of mortgage receivables to a SPV which issues notes on the capital markets. with the received interest on the mortgage receivables the SPV can pay the interest on the notes. The maximum loss for Achmea on the transferred assets and liabilities amounted to €1,920 million as at 31 December 2021 (31 December 2020: €785 million) and has been determined based on the notes of the SPV’s which are held by Achmea and the Deferred Purchase Price (excess margin). Collateral investments in the context of derivative transactions

RECEIVED OR COLLAPSED COLLATERAL INVESTMENTS IN THE CONTEXT OF DERIVATIVE TRANSACTIONS (€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Net position of assets and liabilities derivatives	4,936	6,217
Covered by securities in collateral	1,647	2,865
Liquid funds received in collateral	2,320	2,486
Net position	969	866

In the event of collateral these arrangements are recorded in so-called ISDA Credit Support Annex agreements. These also stipulate the conditions – the so-called ‘default events’ – under which the party may use the cash collateral to reduce possible losses. Transfer of collateral in the form of securities takes place by ‘transfer of title’, meaning the legal ownership is transferred to the recipient of the collateral. The economic benefits, such as interest income, do not transfer to the receiver of the collateral. In most cases the received collateral consists of liquid investments, mostly liquid assets such as government bonds and cash or cash equivalents.

Bilateral arrangements regarding collateral to be received or provided have been agreed with Achmea’s counterparties. The net position of the derivatives is taken as the starting point when determining the collateral to be received from or deposited with the relevant counterparty. The difference between the derivatives and the collateral (the net position) is in line with the contractual agreements on the initial margin and obligations to deposit additional collateral.

In most cases there is a central clearing of derivative positions, whereby an initial margin is always paid by Achmea. The initial margin is supplemented by a variation margin to be deposited or received that depends on the combined position of assets and liabilities derivatives with the relevant clearing partner. The total value of the collateral held at year-end 2020 also includes collateral deposited for cleared derivatives positions, the initial margin, of €851 million (31 December 2020: €931 million). For all derivatives where there is central clearing, the net position of assets and liabilities related to derivatives per individual counterparty is fully covered by collateral.

32. INTERESTS IN SUBSIDIARIES

Set out below are Achmea's principal subsidiaries as at 31 December 2021. These are subsidiaries which are wholly owned, directly or indirectly, unless stated otherwise, and are involved in insurance or reinsurance business, banking services, asset management or services related to these activities. The included Dutch subsidiaries are medium or large entities. For the foreign subsidiaries the parent company is included and if there is no parent company all subsidiaries are included. The voting power in these subsidiaries held by Achmea is equal to the shareholding. The country of incorporation or registration is also their principal place of business. The principal subsidiaries of Achmea B.V. are listed by geographical segment.

	CORPERATE SEAT	% OF OWNERSHIP INTEREST HELD BY THE GROUP
THE NETHERLANDS		
Achmea Bank N.V.	The Hague	100%
Achmea Interne Diensten N.V.	Zeist	100%
Achmea Investment Management B.V.	Zeist	100%
Achmea Pensioen- en Levensverzekeringen N.V.	Apeldoorn	100%
Achmea Pensioenservices N.V.	Zeist	100%
Achmea Reinsurance Company N.V.	Tilburg	100%
Achmea Schadeverzekeringen N.V.	Apeldoorn	100%
Achmea Services N.V.	Zeist	100%
Achmea Zorgverzekeringen N.V.	Zeist	100%
InShared Holding B.V.	Hoevelaken	100%
N.V. Hagelunie	The Hague	100%
Syntrus Achmea Real Estate & Finance B.V.	Amsterdam	100%
GREECE		
Interamerican Hellenic Life Insurance Company S.A.	Athens	99,89%
TURKEY		
Eureko Sigorta A.S.	Istanbul	100%
SLOVAKIA		
Union Poist'ovna A.S.	Bratislava	100%
Union Zdravotná Poist'ovna A.S.	Bratislava	100%

The activity in Australia is a branch office of Achmea Schadeverzekeringen N.V.

The full list of participations as set forth in Sections 379 and 414 of Book 2 of the Dutch Civil Code has been filed with the Trade Register of the Chamber of Commerce.

Consolidated structured entities

Achmea Bank N.V. (a subsidiary of Achmea B.V.) uses securitisation as a funding source. In all these securitisation transactions, Achmea Bank N.V. assigns a portfolio of mortgage receivables to a special-purpose vehicle (SPV) which issues Notes on the capital markets. With the proceeds of the Notes the SPV can finance the assigned mortgage receivables and with the received interest on the mortgage receivables the SPV can pay the interest on the bonds. The names of these SPVs are Dutch Residential Mortgage Portfolio II B.V., Securitised Residential Mortgage Portfolio I B.V. and Securitised Residential Mortgage Portfolio II B.V.

All these SPV's are controlled by Achmea and are therefore consolidated, in accordance with IFRS. Reference is made to Note 5 Investments - Banking credit portfolio and Note 31 Transfer of financial assets and securities for more information about these consolidated structured entities.

Significant restrictions related to subsidiaries

Certain of Achmea's subsidiaries, principally insurance and banking companies, are subject to restrictions on the amounts of funds they may distribute in the form of cash dividends or otherwise to their parent companies. For more information about these subsidiaries refer to Note 18 Equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Key changes in the composition of Achmea Group

In December 2020, it was announced that Achmea will increase its presence in Slovakia by acquiring insurer Poštová poisťovňa for an acquisition price of €23 million. The transaction was carried out by Achmea's subsidiary Union poisťovňa. The acquisition of Poštová poisťovňa was approved by the supervisory authorities in Slovakia and completed on 2 July 2021. As of 17 December 2021, Poštová poist'ovňa was merged with Union poist'ovňa.

In December 2021, Interamerican Property & Casualty Insurance Company Single Member SA acquired 52% of the shares in Money Market Agents SA for an acquisition price of €10 million, which involves an earn-out construction, and thereby holds 100% of the shares in the company. This changes the classification of Money Market Agents SA from an associate to a subsidiary.

33. RELATED PARTY TRANSACTIONS

Nature of related party transactions

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions (e.g. subsidiary). Achmea has various types of ordinary transactions (particularly in the area of insurance, banking and asset management), in the normal course of business, with related companies and parties.

Achmea also considers its defined benefit pension plan (Stichting Pensioenfonds Achmea) as a related party. Members of the Executive and Supervisory Board and their close family members are also considered related parties to Achmea.

In addition, related party transactions comprise transactions with associates, joint ventures, key management personnel and close family members of related parties. The transactions with those parties are not considered material to Achmea, either individually or in the aggregate. A list of Achmea's principal subsidiaries is presented in Note 32, Interests in subsidiaries.

Achmea could enter into transactions with entities controlled by its Executive Board and Supervisory Board members or their close family members. There were no such transactions with related parties in 2021 and 2020.

Remuneration of the Executive Board members

The members of the Executive Board are (former) directors of Achmea B.V., holding key management positions at Group level.

The remuneration of the Executive Board is related to the content and responsibilities of their respective positions. The various positions are weighted on aspects such as impact and nature of the responsibilities of the position, complexity of the managerial context in which they operate and the necessary knowledge, experience and competencies.

Besides a fixed salary, the remuneration package of an Executive Board member includes elements of variable remuneration. The Supervisory Boards decides, on the advice of the Remuneration Committee, on the granting of awards of variable remuneration in the year after the performance. The variable remuneration awarded in any specific year therefore applies to previous performance years. Half of the variable remuneration is deferred for five years. These awards of variable remuneration are included as part of the Other long-term employee benefits. In addition to their salaries, the members of the Executive Board have a pension scheme. As of 1 January 2015, this is the same as the scheme for personnel residing under the collective labour agreement (CAO personnel). The pension scheme for the Executive Board members is executed by Stichting Pensioenfonds Achmea. The rights of the (former) members of the Executive Board accrued up to and including 31 December 2014 are insured at Achmea Pensioen- en Levensverzekeringen N.V.. The indexation of the rights of the (former) members of the Executive Board accrued at Achmea Pensioen- en Levensverzekeringen N.V. is determined and financed by Stichting Pensioenfonds Achmea.

REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD FOR THE FINANCIAL YEAR (€ MILLION)

	2021	2020
Short-term employee benefits	5,31	5.53
Post-employment benefits	2,41	2.55
Other long-term employee benefits	0,44	0.37
Employers'share social security contributions	0,06	0.07
Other benefits	0,04	0.13
Total	**8,26**	**8.65**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A total amount of €8,26 million was recognised in the reporting period 2021 for Executive Board remuneration (2020: €8.65 million). This total amount pertains to the performance year or financial year 2021, except the variable remuneration for 2021. The variable remuneration pertains to the amounts awarded in a financial year with regard to the previous financial year or performance year, because when the financial statements for the previous financial year were adopted it was not yet decided whether variable remuneration would be awarded for that performance year. This is the case for both 2021 and 2020. For the performance year 2020 it was decided after the adoption of the Financial Statements 2020 to award a variable remuneration to the members of the Executive Board. In 2021 an expense of €0.88 million was recognised for variable remuneration for the performance year 2020. In 2020 an expense of €0.75 million was recognised for variable remuneration for the performance year 2019.

Below is an overview of the remuneration of the members of the Executive Board for performance year 2021. The variable remuneration is presented in respect of the performance year. This can differ from the financial year in which the expense is recognised, because the decision to award variable remuneration is made after adoption of the Financial Statements. This overview includes an aggregate comparison with 2020.

REGULAR REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD FOR THE CURRENT PERFORMANCE YEAR

Active members of the Executive Board as at 31 December 2021[1]	ANNUAL SALARY (SHORT-TERM EMPLOYEE BENEFITS)[1]	VARIABLE REMUNERATION AWARDED (OTHER SHORT-TERM EMPLOYEE BENEFITS)[1]	VARIABLE REMUNERATIO N AWARDED (OTHER LONG-TERM EMPLOYEE BENEFITS)[1]	POST-EMPLOYMENT BENEFITS (CAP €11,.189)[2]	CONTRIBUTION NET POST-EMPLOYMENT BENEFITS (OVER €112,189)[2]	WAGE BENEFIT (OVER €112,189)[2]	**TOTAL**
B.E.M. (Bianca) Tetteroo, Voorzitter[3, 4]	1,03	n.n.b.	n.n.b.	0,05	0,19	0,26	**1,53**
M.A.N. (Michel) Lamie, Vice-voorzitter/CFO[3]	0,88	n.n.b.	n.n.b.	0,05	0,16	0,19	**1,28**
D.C. (Daphne) de Kluis (a of 12 October)	0,18	n.n.b.	n.n.b.	0,01	0,03	0,04	**0,26**
R. (Robert) Otto	0,85	n.n.b.	n.n.b.	0,05	0,17	0,20	**1,27**
L.T. (Lidwien) Suur	0,79	n.n.b.	n.n.b.	0,04	0,13	0,17	**1,13**
H. (Henk) Timmer, CRO	0,82	n.n.b.	n.n.b.	0,05	0,19	0,23	**1,29**
Former board member of the Executive Board							
W.A.J. (Willem) van Duin [3,4,5]	0,32	n.n.b.	n.n.b.	0,02	0,09	0,09	**0,52**
Total 2021	**4,87**	**n.n.b.**	**n.n.b.**	**0,27**	**0,96**	**1,18**	**7,28**
Total 2020	**5,16**	**0,44**	**0,44**[6]	**0,29**	**1,06**	**1,20**	**8,59**
Average number of active and former Executive Board members 2021: 5,5							
Average number of active and former Executive Board members 2020: 6							

1 Excluding employers' share in social security contributions.
2 The post-employment benefits consists of the following elements: the expense for the accrual for the maximum pensionable salary of €112,189 (this is the fiscal threshold amount in 2021; in 2020 €110,111), and the gross contribution to the net post-employment benefits exceeding the fiscal threshold amount based on the age related 3% DC-threshold and the pension wage exceeding the fiscal cap. See the notes to Post-employment benefits below. In the column 'Wage benefit over over €112,189', compensation is also included in individual cases relating to the expired benefits from the old management arrangement.
3 Ms Tetteroo succeeded Mr Van Duin as Chairman of the Executive Board on 13 April 2021. Until 13 April 2021, Ms Tetteroo was active as Vice-Chairman of the Executive Board, which role was taken over by Mr Lamie on the same date. Salaries have been adjusted in accordance with the remuneration policy amounts.
4 The total remuneration of the former Chairman is exclusive of earlier compensation in the form of gross salary which is compensation for paring back his employee benefits in connection with the introduction of the early pension and life-course savings scheme legislation in 2006. This is a personal entitlement and does not form part of the regular remuneration of the Executive Board. An amount of €0.04 million (2020: €0.13 million) relating to the earlier compensation is however included in the total remuneration of the Executive Board for this financial year. For the current Chairman of the Executive Board, there was also a personal expense in 2021 in the form of a contribution to the former staff mortgage scheme of €1,400. See 'Other benefits in the table 'Remuneration of the members of the Executive Board for the financial year'
5 Mr Van Duin stepped down as Chairman of the Executive Board 13 April 2021. At the request of the Supervisory Board, he continued to work as an advisor for Achmea B.V. for the remaining months of 2021 and to represent Achmea in various international organizations.
6 As at balance sheet date, an amount of €1.5 million is payable in relation to the deferred variable remuneration (conditionally) awarded to current and former board members in previous years.

Annual salary

The annual salary of the Executive Board is the fixed all-in salary on an annual basis including holiday allowance. Insofar as applicable the benefit of private use of a lease car is also included in the fixed annual salary.

On 1 January 2021, the salary of the members of the Executive Board was increased by 3.1% (as of 1 January 2020: 1%). For members of the Executive Board, the agreement applies that the fixed salary will be increased with the CLA salary increase. For employees covered by the collective agreement, this took the form of a 34-hour working week as of 1 January 2021, with the salary being maintained based on a 36-hours working week. This corresponds to a (CLA) salary increase of 5.88%. Members of the Executive Board have other contractual agreements concerning working hours, as a result of which a comparable alternative to the salary increase in the form of a 34-hour working week was not possible. In the spirit of the CLA and the principles of Achmea's remuneration policy regarding the work-life balance, the Executive Board has agreed to translate the CLA increase into Vitality leave (7 days on an annual basis) and a salary increase of 3.1% as of 1 January 2021.

Variable remuneration awarded

At the time of drafting the Financial Statements 2021 it was not yet decided to award a variable remuneration for the performance year 2021. Should this be awarded. then this shall be included in the Remuneration Report 2021 expected to be published in May 2022. This variable remuneration would be recognised in the Financial Statements 2022. For the performance year 2020 the decision on the variable remuneration was finalized after the adoption of the Financial Statements 2020, hence recorded in the result of financial year 2021, for an amount of €0.88. This was reported on in the Remuneration Report 2020, which was published in May 2021.

Post-employment benefits

The pension scheme applicable to other personnel also applies to the Executive Board. This is a CDC financed pension scheme aimed at career average salary. with among others the following characteristics at year-end 2021:

- Maximum pensionable salary €112,189
- Accrual 1.875% per year
- State pension offset €14,844
- Retirement age: first day of the month in which the age of 68 is reached
- Dependants' pension
- Non-contributory continuation of the pension scheme in the event of partial or full incapacity for work
- Conditional indexation
- Employee contribution standard 3.25% of the pensionable earnings

Post-employment benefits over the fiscal cap

As of 1 January 2015 pension accrual is fiscally capped. In 2021 the fiscal cap is €112,189.

For employees with an income over the fiscal cap arrangements have been made as of 1 January 2015 (in the CAO) for alternative pension accrual. The arrangements also apply to employees who entered the employment of Achmea after this date. These arrangements apply to all Achmea employees. and they also apply to the Executive Board

The total premium contributed by the employer before 1 January 2015 for pension accruals over the fiscal cap will be converted into a new contribution by the employer for pension accruals over the fiscal cap. without affecting costs. The total employer contribution is determined each calendar year based on the total sum of the maximum pensionable earnings over the fiscal cap. based on the interest rate level at 31 December of the previous calendar year.

The employer contribution consists of two components. mentioned below. Component 1 will be financed first and component 2 will be financed from the remainder of the total contribution which may not be used for the first component.

1. An age-related contribution by the employer which the employee (net of taxes) can use to participate in a net pension scheme for pension accrual over the fiscal cap ('contribution to net post-employment benefits' in the previous table). The age-related contribution is calculated based on the (maximum) graduated tax rates determined by the Ministry of Finance;
2. A so-called gross 'wage benefit pension'. Any remaining amount of the employer contribution will be used to calculate an equal percentage of wage benefit for all employees with a pensionable salary over €112,189. In 2021 this percentage is 25,2% of the pensionable salary over the fiscal cap. This calculation is performed annually in January by Willis Towers Watson.

Termination benefits

Both in 2021 and 2020 no termination benefits were awarded related to termination of a labour contract.

Claw back

In 2021. there were no adjustments or claw back of remuneration from former years with regard to members of the Executive Board. nor were there any in 2020.

Loans

As at balance sheet date 2021, the members of the Executive Board have no outstanding loans with Achmea Bank N.V. (31 December 2020: €0.2 million). During 2021, the outstanding loans of €0.2 million were fully redeemed (2020: nil). The weighted interest of those loans was 0.93% (2020: 5.7%) after interest rate revisions due to reaching the end of the fixed-interest period. This related to mortgage loans that formed part of the Credit Portfolio of Achmea Bank N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Remuneration of Supervisory Board member

The table below gives an overview of the remuneration of the Supervisory Board members of Achmea B.V. in 2021.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD PER YEAR[1] (€ MILLION)

Supervisory Board members as at 31 December 2021:	
J. (Jan) van den Berg, Chairman	0,17
W.H. (Wim) de Weijer, Vice-Chairman	0,14
T.R. (Tjahny) Bercx (as of 11 October)	0,02
M.R. (Miriam) van Dongen	0,15
P.H.M. (Petri) Hofsté	0,16
A.M. (Lex) Kloosterman	0,10
A.C.W. (Lineke) Sneller	0,13
R.Th. (Roel) Wijmenga	0,13
Former members Supervisory Board	
A.W. (Aad) Veenman (Chairman until 13 April 2021)	0,05
M. (Mijntje) Lückerath (until 13 April)	0,03
Total 2021	**1,08**
Total 2020	1,12

[1] Excluding VAT and expenses. including remunerations for committee memberships and supervisory board memberships at group companies.

In 2021 there were changes in the composition of the Supervisory Board. Mr. Veenman and Ms. Lückerath stepped down from the Supervisory Board on 13 April due to reaching their maximum term of office. Mr. Van den Berg, who was already a member of the Supervisory Board, has succeeded Mr. Veenman as Chairman of the Supervisory Board effective from 13 April and will receive a higher remuneration due to his Chairmanship. Mr Bercx joined the Supervisory Board on 11 October as a new member.

Members of the Supervisory Board have no loans outstanding with Achmea Bank N.V. at year-end 2021 and 2020.

Directors' liability

Achmea has taken out directors' liability insurance for Executive Board and Supervisory Board members of Achmea B.V. and its subsidiaries. Some board members are also indemnified against financial loss based on third-party claims. under certain conditions. insofar as this loss exceeds the insured cover.

Rabobank

For its operations. Achmea uses various regular banking services of the Rabobank Group. All services and transactions with Rabobank are in an orderly transaction and based on regular market rates.

Distribution channel

Local Rabobank offices are a major distribution channel for Achmea's Dutch insurance products. Achmea has paid commissions of €256 million to local Rabobank offices during 2021 (2020: €254 million) for insurance policies sold through them. Affiliated members ('aangesloten leden') of the Rabobank are granted a 5% discount on the basic health insurance premiums and a discount of 17.5% for premiums for the supplementary health insurance.

Facility services

Through 2020, Achmea has paid fees to Rabobank Group for ICT services (2020: €1.6 million). These services were outsourced to a third party in early 2021.

Insurance services delivered to Rabobank

Rabobank has insured several risks with Achmea. including a group Health insurance contract with Zilveren Kruis. The premiums relating to this insurance coverage for 2021 are €68 million (2020: €67 million).

Balances and Commitments as of 31 December 2021 with Rabobank Group

Balances with Rabobank Group comprise commodity notes related shares. savings accounts that are backing liabilities for policyholders (see Note 5). bank accounts (see Note 17) and a credit facility that is reported as Loans and borrowings (see Note 7).

Vereniging Achmea

Vereniging Achmea is the association of member-policyholders of Achmea and its objective is ensuring the continuity of Achmea. Vereniging Achmea makes use of personnel and office space of Achmea. This is charged on at cost. For this reason. At year-end 2021 Achmea has a receivable in the amount of €0.1 million (2020: €0.1 million) on Vereniging Achmea. Vereniging Achmea has provided one term deposit to Achmea B.V. with a maturity date of 1 April 2022 and an interest rate of -0.52. At year-end 2021 the total amount of deposits was €4.5 million (31 December 2020: €10 million). Other transactions with Vereniging Achmea are related to its relation with Achmea as shareholder and are explained in Note 18 Equity.

Stichting Pensioenfonds Achmea

Stichting Pensioenfonds Achmea (SPA. Achmea Pension fund Foundation) executes the pension plan for employees covered by the collective labour agreement of Achmea and for employees with whom participation in the SPA pension scheme has been agreed in their employment agreement. For most of the employees in the Netherlands. the pension scheme entails a defined contribution plan. In 2021. contributions made by Achmea relating to this defined contribution plan amounted to €275 million (2020: €256 million). For more information regarding the pension schemes executed by Stichting Pensioenfonds Achmea. reference is made to Note 19 Other provisions – Post-employment benefits. Achmea performs administrative and asset management services for Stichting Pensioenfonds Achmea. In 2021 it received €9.2 million (2020: €9.3 million) in fees for these services.

Stichting Achmea Algemeen Pensioenfonds

Stichting Achmea Algemeen Pensioenfonds administers multiple pension schemes under the name Centraal Beheer APF. Achmea B.V. provided deposits to Stichting Achmea Algemeen Pensioenfonds. This concerns 2 term deposits with an expiry date of 12 July 2026 and 22 December 2026 and an interest rate of 2.06%. At year-end 202 the total amount of deposits is €1.5 million (31 December 2020: €1.5 million). In addition. in 2021 Achmea B.V. made donations totalling €9.5 million to Stichting Achmea Algemeen Pensioenfonds (2020: €7.4 million) to increase the buffer capital. Achmea performs administrative and asset management services for Stichting Pensioenfonds Achmea. In 2021 it received €7.0 million (2020: €6.9 million) in fees for these services.

Stichting Achmea Foundation

Achmea has committed to an indefinite obligation to apply 0.5% of its net profit to fund Stichting Achmea Foundation. After determination of the result for the financial year 2020. the contributions on the 2020 result amounting to €3.2 million in 2021 (2020: €2.4 million) have been paid. Stichting Achmea Foundation employs these funds to finance projects around the world for sustainable improvement of economic and/or social environment of groups where help is needed in society. Stichting Achmea Foundation makes use of personnel and office space of Achmea. This is charged on at cost.

34. SUBSEQUENT EVENTS

Storm damage 2022

The impact of the successive storms that hit the Netherlands in February 2022 cannot be accurately estimated at this time and is not included in the 2021 results. The initial estimates of the claims are approaching €200 million. Compensated by reinsurance recoveries the impact on the result is estimated to be around €100 million; the impact will be included in the results for the first half of 2022.

Ukraine

The course of the events in Ukraine, international measures and their economic impact on the financial markets and inflation are being monitored closely. The size of the investments held by Achmea in Ukraine, Russia and Belarus is very limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AUTHORISATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Zeist, 9 March 2022

The Executive Board

B.E.M. (Bianca) Tetteroo, Chairman

M.A.N. (Michel) Lamie, Vice-chairman and CFO

D.C. (Daphne) de Kluis

R. (Robert) Otto

L.T. (Lidwien) Suur

The Supervisory Board

J. (Jan) van den Berg, Chairman

W.H. (Wim) de Weijer. Vice-chairman

T.R. (Tjahny) Bercx

M.R. (Miriam) van Dongen

P.H.M. (Petri) Hofsté

A.M. (Lex) Kloosterman

M. (Mijntje) Lückerath

A.C.W. (Lineke) Sneller

R.Th. (Roel) Wijmenga

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BALANCE SHEET

(BEFORE APPROPRIATION OF RESULT)

(€ MILLION)

	NOTES	31 DECEMBER 2021	31 DECEMBER 2020
Assets			
Intangible assets	2	609	609
Financial fixed assets	3	11,899	11,728
Deferred tax assets	4	10	8
Total fixed assets		**12,518**	**12,345**
Receivables	5	45	97
Cash and cash equivalents	6	33	20
Total current assets		**78**	**117**
Total assets		**12,596**	**12,462**
Shareholders' equity			
Issued share capital		434	434
Share premium		10,923	10,923
		11,357	**11,357**
Own shares		–466	–335
Legal reserve		55	65
Revaluation reserve		1,159	1,069
Exchange difference reserve		–517	–475
Hedging reserve		–7	–7
Retained earnings		–2,674	–3,014
Result for the year		467	642
		9,374	**9,302**
Other equity instruments		1,250	1,250
Equity attributable to holders of equity instruments of the company	**7**	**10,624**	**10,552**
Liabilities			
Other provisions	8	110	118
Long-term liabilities	9	1,493	1,520
Short-term liabilities	10	369	272
Derivatives	11		
Total liabilities		**1,972**	**1,910**
Total equity and liabilities		**12,596**	**12,462**

COMPANY FINANCIAL STATEMENTS

PROFIT AND LOSS

(€ MILLION)

	NOTES	2021	2020
Other operating income	14	31	4
Revenue from receivables included in fixed assets and similar income	15	2	1
Results from associates and joint ventures		−9	8
Total income		**24**	**13**
Interest expenses and similar expenses	16	57	66
Other expenses	17	69	79
Total expenses		**126**	**145**
Result before tax		**−102**	**−132**
Income tax[1]	18	−36	−58
Results of subsidiaries and associates	3	533	716
Net result		**467**	**642**

1 A negative amount is a gain in the Income tax.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

General

Concerning the Company cash flow statement of Achmea B.V., the exemption as defined in the Guidelines of the Dutch Council for Annual Reporting (RJ) Section 360.106 was used.

The legally required list of participations as set forth in Sections 379 and 414 of Book 2 of the Dutch Civil Code has been registered with the Trade Register of the Chamber of Commerce.

Principles for the measurement of assets and liabilities and the determination of the result

Achmea B.V. makes use of the option provided in Section 362, Paragraph 8, Book 2 of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of Net result applied in the Company Financial Statements of Achmea B.V. are the same as those applied in the Consolidated Financial Statements. By making use of this option the Equity attributable to holders of equity instruments is the same in the Consolidated Financial Statements and the Company Financial Statements. Investments in subsidiaries of Achmea B.V. are recognised at net asset value with goodwill, if any, recorded under intangible assets. The Company Financial Statements have been prepared in accordance with Book 2, Title 9 of the Dutch Civil Code.

Reference is made to Note 1 Accounting policies and the accounting policy for the specific balance sheet items in the Consolidated Financial Statements for a description of the accounting principles used.

Presentation of pension provision and related assets

In the company financial statements, the fair value of the insurance contract related to the pension provision and the value of this pension provision are presented as two separate balance sheet items. The fair value of the insurance contract is presented in accordance with the reimbursement rights for internally insured pension contracts in IAS 19.

The changes in both balance sheet items relate to interest expenses and income and actuarial gains and losses. These changes are included in the Income Statement. The movements in Shareholders' Equity are zero on balance and are not shown.

2. INTANGIBLE ASSETS

For more detailed information on Goodwill reference is made to Note 12 Intangible assets in the Consolidated Financial Statements.

(€ MILLION)

	GOODWILL	TOTAL 2021	TOTAL 2020[1]
Cost			
Balance at 1 January	609	609	609
Other movements			
Balance at 31 December	**609**	**609**	**609**
Amortisation and impairment losses			
Balance at 1 January			
Other movements			
Balance at 31 December			
Carrying amount			
At 1 January	609	609	609
At 31 December	**609**	**609**	**609**

1 For intangible assets that were no longer in use in 2020, but were still included in cost, depreciation and impairment losses, the amounts were adjusted retrospectively. The book values as at 31 December 2020 did not change.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

3. FINANCIAL FIXED ASSETS

(€ MILLION)

	SUBSIDIARIES	ASSOCIATES AND JOINT VENTURES	BONDS	DERIVATIVES	LOANS	REIMBURSE-MENT RIGHTS	TOTAL 2021	TOTAL 2020
Balance at 1 January	**10,965**	**33**	**589**	**1**	**32**	**114**	**11,734**	**11,000**
Investments and loans granted	39	9	1,421		578		2,047	2,899
Sales, disposals and money withdrawn			−1,407	−1	−539	−4	−1,951	−2,716
Annual results	564	−9					555	724
Fair value changes	1		−6				−5	−44
Dividend received	−385	−5					−390	−128
Foreign currency differences	−39	−8					−47	−41
Accrued interest						1	1	3
Unrecognised actuarial gains and losses on employee benefits	−21					−6	−27	34
Other changes	−18						−18	−3
Balance at 31 December	**11,106**	**20**	**597**	**0**	**71**	**105**	**11,899**	**11,728**

Equities and Derivatives are measured at fair value. The fair value of those investments based on quotes in an active market (listed) amounts to €594 million (31 December 2020: €585 million). The purchase price as per 31 December 2021 of Bonds and Derivatives amounts to €598 million (31 December 2020: €588 million). An amount of €71 million is recognised under Loans and Deposits, valued at amortised cost. The fair value of these investments amounts to €71 million (31 December 2020: €2 million). The value of the insurance contract with Achmea Pensioen- en Levensverzekeringen N.V. refers to the fair value of the investments (reimbursement rights) in respect of the defined pension commitments from old schemes insured with Achmea Pensioen- en Levensverzekeringen N.V. (See Note 8 Other Provisions).

In the Income Statement, under Foreign currency differences of securities and loans, an amount of €0 million is recognised (2020: €0 million) for foreign currency differences related to securities.

4. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following items:

(€ MILLION)

	BALANCE AT 1 JANUARY 2021	RECOGNISED IN PROFIT AND LOSS ACCOUNT	RECOGNISED IN EQUITY	BALANCE AT 31 DECEMBER 2021	BALANCE AT 1 JANUARY 2020	RECOGNISED IN PROFIT AND LOSS ACCOUNT	RECOGNISED IN EQUITY	BALANCE AT 31 DECEMBER 2020
Others assets[1]	3	1		4		3		3
Other liabilities	5	1		6	6	−1		5
	8	**2**		**10**	**6**			**8**

[1] The deferred tax asset on other assets was presented under financial liabilities in the 2020 financial statements. This is broken down in the comparative figures.

Achmea B.V. and the majority of its Dutch subsidiaries together form a fiscal unity for corporate income tax and VAT. As such the company is liable for all deferred and current corporation tax and VAT liabilities. No deferred tax assets have been recognised for carry forwards of losses from previous years.

As per 31 December 2021 an amount of €2 million (31 December 2020: €2 million) of deferred tax assets are expected to mature within one year after reporting date.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

5. RECEIVABLES AND ACCRUALS

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Subsidiaries	45	86
Other receivables		11
	45	**97**

Receivables are measured at amortised cost. The fair value of these assets amounts to €45 million (31 December 2020: €97 million). In line with 2020, Receivables are expected to mature within one year after reporting date.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank balances and short term deposits. Cash and cash equivalents that are subject to any restrictions amounts to €1 million (2020: €1 million).

These restrictions are mainly subject to the minimum reserve of cash and cash equivalents to be held with De Nederlandsche Bank.

7. EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY

STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	RESULT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	TOTAL EQUITY[1]
Balance 1 January 2020	**11,357**	**−335**	**53**	**1,120**	**−429**	**−7**	**−3,312**	**480**	**1,250**	**10,177**
Net other comprehensive income				−29	−46		30			−45
Net result								642		642
Comprehensive income				**−29**	**−46**		**30**	**642**		**597**
Appropriations to reserves			12	−22			490	−480		
Dividends and coupon payments							−222			−222
Balance 31 December 2020	**11,357**	**−335**	**65**	**1,069**	**−475**	**−7**	**−3,014**	**642**	**1,250**	**10,552**
Net other comprehensive income				22	−42		−21			−41
Net result								467		467
Comprehensive income				**22**	**−42**		**−21**	**467**		**426**
Appropriations to reserves			−10	68			583	−642		−1
Dividends and coupon payments							−222			−222
Issue, repurchase and sale of equity instruments		−131								−131
Balance 31 December 2021	**11,357**	**−466**	**55**	**1,159**	**−517**	**−7**	**−2,674**	**467**	**1,250**	**10,624**

[1] Total equity relates to Equity attributable to holders of equity instruments of the company.

Reference is made to the Consolidated statement of changes in total equity and Note 18 Equity attributable to holders of equity instruments of the company in the Consolidated Financial Statements for more information.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

8. OTHER PROVISIONS

(€ MILLION)

	2021	2020
Post-employment benefits	105	114
Other provisions	5	4
Balance at 31 December	**110**	**118**

Pension provisions

The movement of the pension provisions is as follows:

(€ MILLION)

	2021	2020
Balance at 1 January	**114**	**114**
Net interest expense on defined benefit liability	1	1
Actuarial gains and losses arising from changes in:		
- Demographic assumptions		−1
- Financial assumptions	−6	4
- Experience		
Benefit payments	−4	−4
Balance at 31 December	**105**	**114**

The provision for pension liabilities relates to defined benefit pension liabilities insured by Achmea Pensioen- en Levensverzekeringen N.V.

Annual contributions to the pension schemes are paid to finance the liabilities to be paid during the lifetime of the scheme, and are calculated in accordance with local statutory requirements. In addition, where applicable, additional contributions are paid to ensure that the pension schemes comply with applicable local regulations on investments and funding levels.

Other provisions

The movement of the other provisions is as follows:

(€ MILLION)

	2021	2020
Balance at 1 January	**4**	**4**
Additions	1	2
Released		−2
Balance at 31 December	**5**	**4**

Other provisions mainly relate to legal cases. In line with 2020 Other provisions are of a long-term nature.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

9. LONG-TERM LIABILITIES

The movement of the long-term liabilities is as follows:

MOVEMENT TABLE LOANS AND BORROWINGS

(€ MILLION)

	UNSECURED LOANS	SUBORDINATED LOANS	OTHER	TOTAL 2021
Balance at 1 January	744	747	29	1,520
Money deposited				
Other changes	1	1	−29	−27
Balance at 31 December	**745**	**748**		**1,493**

MOVEMENT TABLE LOANS AND BORROWINGS

(€ MILLION)

	UNSECURED LOANS	SUBORDINATED LOANS	OTHER	TOTAL 2020
Balance at 1 January		747	29	776
Money deposited	743			743
Other changes	1			1
Balance at 31 December	**744**	**747**	**29**	**1,520**

The maturities of the long-term liabilities are between one and five years for an amount of €498 million (2020: €499 million) and longer than five years for an amount of €995 million (2019: €1,021 million).

The fair value of long-term liabilities measured at amortised cost at year-end is €1,493 million (31 December 2020: €1,581 million).

In May 2020 Achmea B.V. completed the issuance of an unsecured loan of €750 million (Senior Unsecured Notes, transaction costs are included in the carrying amount). This loan has a maturity of 7 years (maturity date is 26 May 2027) and is listed on Euronext Dublin, Ireland. The coupon on this loan is 1.5%.

The syndicated credit facility of Achmea B.V. has a maximum size of €1 billion. In 2020 and 2021 the duration of this facility was extended to 2025 respectively 2026. In 2020 and 2019, the committed credit lines were undrawn.

In April 2013, Achmea B.V. issued €500 million worth of subordinated loans with a 6% coupon. These subordinated loans have a duration of 30 years (maturity date is 4 April 2043), with a first call option after ten years. The Notes are listed on the Irish Stock Exchange in Dublin, Ireland.

In September 2019 Achmea B.V. issued €250 million of subordinated loans with a coupon of 2.5%. These subordinated loans have a maturity of 20 years (maturity date is 24 September 2039) with a first call option after ten years. The Notes are listed on the Irish Stock Exchange in Dublin, Ireland.

In the Profit and loss account, under Value changes in receivables included in fixed assets, an amount of €0 million (2020: €0 million) is accounted for as foreign currency differences relating to long-term liabilities.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

10. SHORT-TERM LIABILITIES

(€ MILLION)

	31 DECEMBER 2021	31 DECEMBER 2020
Loans	8	14
Subsidiaries	191	157
Taxes	109	32
Other	61	69
	369	**272**

The fair value of Short term liabilities measured at amortised cost at year-end is €369 million (31 December 2020: €272 million).

The Loans include liabilities which have been reclassified from Long-term liabilities to Short-term liabilities. The expected maturity date of the Loans is within a year after the balance sheet date. For more information about these Loans please refer to Note 7 Financial liabilities.

11. DERIVATIVES

The fair value of the derivatives as of 31 December 2021 and 31 December 2020 is less than €1 million.

12. RELATED PARTY TRANSACTIONS

For an overview of transactions with affiliates, please refer to Note 33 Related party transactions in the Consolidated Financial Statements.

13. CONTINGENCIES

Judicial proceedings

Achmea B.V. and the companies that are part of Achmea Group are involved in judicial and arbitration proceedings. These procedures relate to claims filed by and against these companies, arising from regular business activities, including the activities carried out in the capacity of insurer, lender, service provider, employer, investor and taxpayer. Although it is not possible to predict or determine the outcome of current or forthcoming legal proceedings, the Board of Directors is of the opinion that it is unlikely that the outcome of the procedures will have a material negative effect on the financial position of Achmea B.V.

Contingent liabilities

Achmea B.V. has issued guarantees for subsidiaries that relate to the activities of these subsidiaries, carried out in their capacity as insurer, credit provider, service provider, employer, investor and tax payer. Achmea B.V. also issued guarantees for third parties under sales transactions.

Achmea B.V. has provided financial guarantees towards a 100% subsidiary related to a transfer of two loans and mortgages portfolios between this subsidiary and another 100% subsidiary (the activities and clients of this subsidiary were transferred to a third party outside Achmea Group in 2017). These financial guarantees will indemnify the subsidiary for specific risks, including credit risk and specific legal risks related to these portfolios, to a total maximum of € 350 million. These financial guarantees are measured at fair value. As a result of the reduction of portfolios, a review of the size of the financial guarantee will take place in 2022. This evaluation could potentially lead to a decrease in the financial guarantee issued.

Achmea B.V. also issued guarantees, as part of specific tenders for non-life insurance contracts for local Dutch governments, related to the fulfilment of the obligations resulting from these contracts in case of non-performance by the non-life insurance group company.

Achmea B.V. has provided Vereniging Achmea and Rabobank with an indemnity for amounts imposed by the Australian supervisor related to the activities of the Australian branch of Achmea Schadeverzekeringen N.V. in case the Australian supervisor will impose on Vereniging Achmea and Rabobank as shareholder of the ultimate parent of Achmea Schadeverzekeringen N.V. additional obligations and responsibilities relating to these Australian activities. No material losses are expected in respect of this indemnity. Due to its nature, this indemnity is not to be quantified.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

In the table below an overview is given of all the contingent liabilities provided by Achmea B.V. on behalf of its subsidiaries. No material losses are expected in respect of these guarantees and indemnities.

CONTINGENT LIABILITIES (€ MILLION)

	2021	2020
Guarantees	566	548
Balance at 31 December	**566**	**548**

Contingent assets

Conflict between the Slovak Government and Achmea B.V.

In contradiction of an agreement to encourage investments between the Slovak Republic and The Netherlands, the Slovak government has enforced a ban on the distribution of profit on Slovak health insurers, including Achmea's Slovak subsidiary Union Zdravotná Poist'ovna A.S., in the period between 2007 and August 2011.

Achmea sought compensation for the incurred loss and statutory interest paid through an international arbitration tribunal. In December 2012 the arbitration tribunal decided in favour of Achmea. Under this decision the Slovak Government is required to compensate Achmea for damages incurred and the statutory interest paid. The compensation amounted to approximately €25 million.

The Slovak Government has publicly stated that it will not pay the amounts awarded to Achmea and has submitted the arbitration verdict for annulment to a German Court. In the first court hearing, the annulment request of the Slovak Republic has been rejected. The Slovak Government has appealed against this judgment to the Bundesgerichtshof in Karlsruhe. The Bundesgerichtshof raised some legal issues with the European Court of Justice. In March 2018 the Court of Justice ruled that the arbitration clause in the bilateral investment treaty on which the arbitration proceedings were based, was invalid. Partly based on this ruling of the European Court, the Bundesgerichtshof delivered its judgment. The Bundesgerichtshof followed the ruling of the European Court of Justice and overturned the arbitration verdict. Achmea has appealed against the judgment in Germany and has submitted a claim for damages in Slovakia. These proceedings are still ongoing.

Because of the compounding statutory interest, Achmea's claim now amounts to approximately €31 million (2020: €31 million). In view of the proceedings in Germany, Achmea does not consider the receivable amount to be sufficiently certain to recognise it as an asset.

14. OTHER INCOME

(€ MILLION)

	2021	2020
Other income	31	4
	31	**4**

Other income includes the release of other provisions.

15. REVENUE FROM RECEIVABLES INCLUDED IN FIXED ASSETS AND SIMILAR INCOME

(€ MILLION)

	2021	2020
Other interest income	2	1
	2	**1**

Other interest income includes an amount of €1 million (2020: €1 million) relating to group companies.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

16. INTEREST EXPENSES AND SIMILAR EXPENSES

(€ MILLION)

	2021	2020
Interest expenses loans and borrowings	53	65
Other interest expenses[1]	4	1
	57	**66**

1 The other interest charges were presented in the 2020 financial statements under the interest expense loans and borrowings. This is broken down in the comparative figures.

Other interest expenses includes an amount of €1 million (2020: €1 million) relating to group companies.

17. OTHER EXPENSES

(€ MILLION)

	2021	2020
General expenses	69	79
	69	**79**

18. INCOME TAX

RECONCILIATION OF EFFECTIVE TAX AMOUNT

(€ MILLION)

	2021	2020
Result before tax	−102	−132
Dutch corporate tax rate	25%	25%
Income tax using the Dutch corporate tax rate[1]	−26	−33
Tax effect on:		
Non-deductible expenses	2	−4
Participation exemption	2	−3
Other	−14	−18
Effective tax amount	**−36**	**−58**

1 A negative amount is a gain in the Income Tax.

The effective tax rate of 2021 amounts to 35.3 % (2020: 43.9%).

SPECIFICATION OF THE CURRENT AND THE DEFERRED INCOME TAX

(€ MILLION)

	2021	2020
Current income tax		
Current year	−34	−56
Over/(under) provided in prior years		
	−34	**−56**
Deferred income tax		
Origination and reversal of timing differences	−2	−2
Total income tax expense in Income Statement	**−36**	**−58**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

19. STATUTORY DOMICILE

Achmea B.V. has its registered office in Zeist, the Netherlands, with its principal place of business at Handelsweg 2 in Zeist, and is registered at the Chamber of Commerce under number 33235189.

20. NUMBER OF EMPLOYEES

Other than the Executive Board members, Achmea B.V. did not employ any personnel in either 2021 or 2020. For more information on the remuneration of the Executive Board refer to Note 33 Related party transactions in the Consolidated Financial Statements.

21. SUBSEQUENT EVENTS

Storm damage 2022

The impact of the successive storms that hit the Netherlands in February 2022 cannot be accurately estimated at this time and is not included in the 2021 results. The initial estimates of the claims are approaching €200 million. Compensated by reinsurance recoveries the impact on the result is estimated to be around €100 million; the impact will be included in the results for the first half of 2022.

Ukraine

The course of the events in Ukraine, international measures and their economic impact on the financial markets and inflation are being monitored closely. The size of the investments held by Achmea in Ukraine, Russia and Belarus is very limited.

22. PROPOSAL FOR APPROPRIATION OF RESULT

For the provisions of the articles of association relating to the appropriation of result reference is made to Other information.

TOTAL NET RESULT IS PROPOSED TO BE DISTRIBUTED AS FOLLOWS: (€ MILLION)

	2021
Net result attributable to holders of equity instruments of the company	467
Net result segment Health Netherlands	−11
Net result excluding segment Health Netherlands	**456**
Coupon payments on other equity instruments	−55
Dividend on preference shares[1]	−17
Net result attributable to holders of ordinary shares	**384**
To be distributed as follows:	
Dividend on preference shares[1]	20
Dividend on ordinary shares	173
Addition to retained earnings	274
	467
Number of ordinary shares (excluding repurchased own shares)	375,685,702
Dividend per ordinary share (in euro's per share)	0.46

[1] An amount of €3 million will be distributed on preference shares of which Achmea B.V. is the ultimate beneficiary (via the depositary receipts issued by Stichting Administratiekantoor Tussenholding) (see Note 18 Equity in the Consolidated Financial Statements).

The Executive Board's proposal for the appropriation of the result is in line with the dividend policy adopted by the General Meeting and is based on the required Solvency II and statutory tests (test based on prudent capital and liquidity policy and the statutory balance sheet and distribution test). Resolutions by the General Meeting to appropriation of the result and thus to pay dividend are subject to the condition precedent of (i) a positive outcome of the aforementioned financial tests and (ii) the approval of the Executive Board. Each time before – successively – the decision of the General Meeting, the approval decision of the Executive Board and the dividend payment, an assessment will be made of whether the conclusions of the financial tests, in particular the distribution test, are still valid on the basis of current insights. If the outcome is positive, the Executive Board will determine and reconfirm that the distribution is still in accordance with prudent financial policy and that the distribution is therefore justified.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

AUTHORISATION OF THE COMPANY FINANCIAL STATEMENTS

Zeist, 9 March 2022

The Executive Board

B.E.M. (Bianca) Tetteroo, Chairman

M.A.N. (Michel) Lamie, Vice-chairman and CFO

D.C. (Daphne) de Kluis

R. (Robert) Otto

L.T. (Lidwien) Suur

The Supervisory Board

J. (Jan) van den Berg, Chairman

W.H. (Wim) de Weijer, Vice-chairman

T.R. (Tjahny) Bercx

M.R. (Miriam) van Dongen

P.H.M. (Petri) Hofsté

A.M. (Lex) Kloosterman

A.C.W. (Lineke) Sneller

R.Th. (Roel) Wijmenga

OTHER INFORMATION

REQUIREMENTS UNDER THE ARTICLES OF ASSOCIATION FOR APPROPRIATION OF RESULTS

The Articles of Association of Achmea B.V. contain the following provisions regarding appropriation of results.

The result will be appropriated pursuant to Article 34 and the provisions of this article can be summarised as follows:
- The profit shall be at the disposal of the General Meeting.
- Profit may only be distributed to shareholders and other persons entitled to distributable profits to the extent that its equity exceeds the total amount of its issued share capital and the reserves to be maintained pursuant to the law. The distribution of profit must be approved by the Executive Board. The latter will only withhold its approval if it is aware that, or should reasonably be able to anticipate that, the company, upon payment, will not be able to continue paying its due and payable debts.
- If the General Meeting decides on the distribution of dividends, first of all, if possible, a dividend equal to 3.7% of the nominal amount shall be paid to preference shareholders plus the share premium paid-up upon issue.
- Subject to the approval of the Supervisory Board, the Executive Board shall be authorised to increase the above mentioned percentage determined in February 2014 each year with a maximum of 1.8%.
- If no dividend in cash is distributed, a dividend in the form of preference shares can be resolved upon instead.
- If the General Meeting decides on the distribution of dividend and dividend on preference shares has not been paid in previous years, cash dividends shall first be paid to preference shareholders on these previous years, before any distribution can take place on other shares.

SHAREHOLDERS OF ACHMEA B.V. AT 31 DECEMBER 2020

COMPANY	COUNTRY	NUMBER OF SHARES	SHARE % (ORDINARY)	SHARE % (INCL. PRES)
Vereniging Achmea directly and via Stichting Administratie-Kantoor Achmea[1]	The Netherlands	251,481,012	66,94%	62,94%
Coöperatieve Rabobank U.A.	The Netherlands	116,993,237	31,14%	29,28%
Gothaer Allgemeine Versicherung AG	Germany	2,072,055	0,55%	0,52%
Gothaer Finanz Holding AG	Germany	2,370,153	0,63%	0,59%
Schweizerische Mobiliar Holding AG	Switzerland	2,769,246	0,74%	0,69%
Total ordinary shares[2]		**375,685,703**	**100,00%**	
Achmea Tussenholding B.V. (preference shares)	The Netherlands	23,904,060		5,98%
Total ordinary shares and preference shares		**399,589,763**		**100,00%**

1 Including 1 A-share.
2 Excluding 35,134,471 shares held by Achmea B.V. See note 18 Equity for more information.

Stichting Administratiekantoor Achmea is, amongst others, holder of the only A share issued by Achmea B.V. There are special rights entitled to the A share. Significant decisions of Achmea B.V.'s General Meeting can only be made with the approval of the holder of the A share. The Board members of Stichting Administratiekantoor Achmea are I.C. van den Broek, E.M.H. Hirsch Ballin and C.W. van der Waaij.

OTHER INFORMATION

STATEMENT OF THE EXECUTIVE BOARD OF ACHMEA B.V.

The Executive Board of Achmea B.V. is responsible for the preparation of the Annual Report 2021, including the Consolidated Financial Statements 2021 and the Company Financial Statements 2021 of Achmea B.V. The Consolidated Financial Statements 2021 are prepared in accordance with International Financial Reporting Standards as adopted by the European Union effective at 31 December 2021. The Company Financial Statements 2021 and the Executive Board Report are prepared in accordance with Book 2, Part 9 of the Dutch Civil Code. The Executive Board reviewed the Achmea B.V. Consolidated and Company Financial Statements on 3 March 2022 and granted permission for submission to the Supervisory Board.

The Executive Board declares, in accordance with principle 1.4.3 of the Corporate Governance Code and based on its own assessment, that to the best of its current knowledge:

- the report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

The Executive Board of Achmea B.V. declares that, to the best of its knowledge, the Achmea B.V. Consolidated and Company Financial Statements 2021 give a true and fair view of the assets, liabilities, financial position and the result of Achmea B.V. and that the information contained herein has no omissions likely to modify significantly the scope of any statements made.

The Executive Board of Achmea B.V. also declares that the Executive Board Report 2021 gives a true and fair view of the situation as at 31 December 2021, the development and performance during 2021 and describes the principal risks of the businesses of the Group. The Achmea B.V. Consolidated Financial Statements 2021 and Company Financial Statements 2021 will be submitted to the Annual General Meeting for approval on 12 April 2022.

Zeist, 9 March 2022

The Executive Board

B.E.M. (Bianca) Tetteroo, Chairman
M.A.N. (Michel) Lamie, Vice-chairman and CFO
D.C. (Daphne) de Kluis
R. (Robert) Otto
L.T. (Lidwien) Suur

Independent auditor's report

To: the shareholders and Supervisory Board of Achmea B.V.

Report on the audit of the financial statements 2021 included in the year report

Our opinion

We have audited the financial statements 2021 of Achmea B.V. based in Zeist, the Netherlands. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Achmea B.V. as at 31 December 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company financial statements give a true and fair view of the financial position of Achmea B.V. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021
- the following statements for 2021: the consolidated income statement, the consolidated statements of comprehensive income, changes in total equity and cash flows
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2021
- the company profit and loss account for 2021
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Achmea B.V. (hereinafter: Achmea, the group or the Company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Achmea B.V. is the holding company for a group of entities that operate mainly in the non-life, health, income-protection and life insurance business, banking activities and asset management and retirement services. These activities are conducted primarily in the Netherlands and selectively abroad. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	€150 million
Benchmark applied	1,5% of equity attributable to holders of equity instruments of the company
Explanation	We consider Achmea's total equity and solvency, and the ability to meet policyholder liabilities, the key indicators for the users of its financial statements. In determining the percentage applied, we have taken into account the solvency ratio of the group.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of €5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Achmea B.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

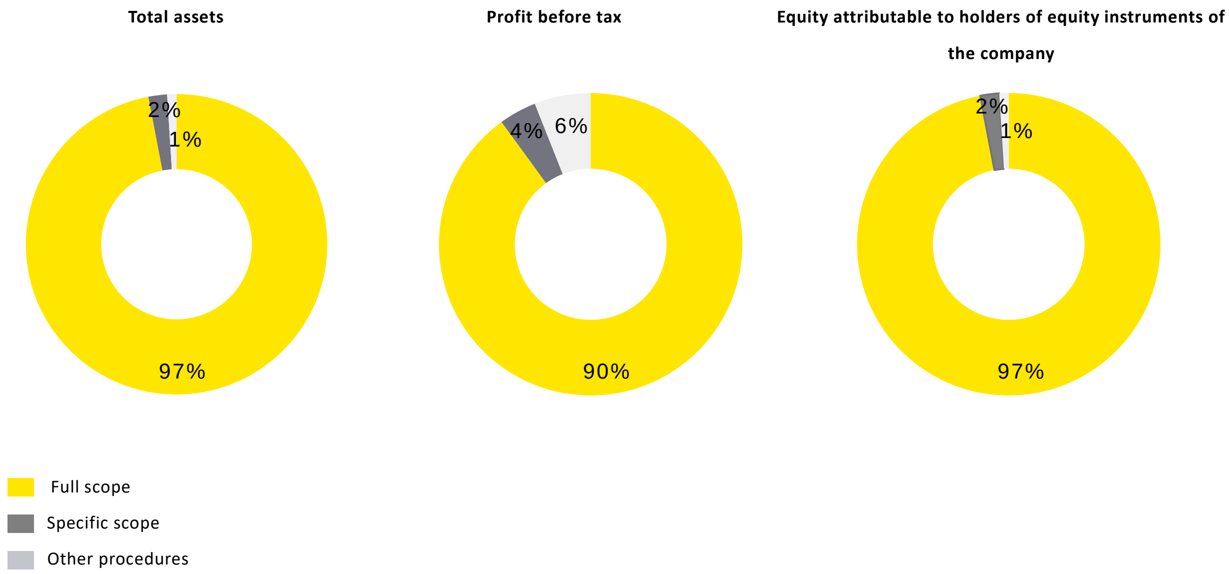
OTHER INFORMATION

Our group audit mainly focused on significant group entities in the Netherlands, Greece and Turkey based on size and risk. We have:

- Performed audit procedures ourselves, as group and component auditors, at group entities in the Netherlands
- Used the work of other auditors from EY Global member firms, operating under our coordination and supervision when auditing the group entities in Greece and Turkey
- Performed review procedures or specific audit procedures at other group entities.

Because of the continuing (international) travel restrictions and social distancing due to the Covid-19 pandemic, we used communication technology and written information exchange, e.g. intensified communication with component teams, requiring more granular reporting, and performing audit procedures centrally, in order to obtain sufficient and appropriate audit evidence.

In total these procedures represent 99% of the group's total assets, 94% of profit/loss and 99% of equity attributable to holders of equity instruments of the company.



By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming, use of specialists and internal audit

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of an internationally operating company active in several sectors of the financial services industry. We included specialists in the areas of IT audit, forensics, sustainability and legal and income tax specialists and have made use of our own actuaries and experts in the areas of valuations of liabilities relating to insurance contracts and the valuation of unlisted investments, real estate and derivatives.

We performed our audit in cooperation with Internal Audit of Achmea and make use of the in-depth knowledge of Achmea and work performed by Internal Audit. We agreed on the joint coordination of the audit planning, the nature and scope of the work to be performed, reporting and documentation. We evaluated and tested the relevant work performed by Internal Audit to satisfy ourselves that the work was adequate for our purposes and established what work had to be performed by our own professionals.

OTHER INFORMATION

Our focus on climate risks and the energy transition

Climate change and the energy transition are emerging topics and lead to significant change for many businesses and society. The Executive Board (hereinafter also referred to as 'management') of Achmea has reported in the section 'Our Approach to climate-change' and 'Risk management' of the year report how the group is addressing climate-related and environmental risk and taking into account related regulatory guidance and recommendations from supervisors and regulators.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition are taken into account in accounting estimates and significant assumptions as well as in the design of relevant internal control measures by Achmea including those related to the estimation of liabilities related to insurance contracts. Furthermore, we read the Executive Board report and considered whether there is any material inconsistency with the financial statements.

We describe in our key audit matter "Estimates used in calculation of liabilities related to insurance contracts", the audit procedures responsive to the assessed risk related to climate change. Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the accounting estimates or significant assumptions used in the financial reporting per 31 December 2021.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Company and its environment and the components of the system of internal control. This includes the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes.

We refer to section Risk Management of the annual report in which the Executive Board has included its (fraud) risk analysis and to section Audit & Risk Committee report in which the Supervisory Board reflects on this (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.
As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic and legal specialists. We specifically considered the different jurisdictions in which the Company's operates in our assessment. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. Because of this risk, we have used, among others, data analysis to identify and address high-risk journal entries. In our audit approach we have identified and followed up on this risk as part of our audit of valuation of liabilities related to insurance contracts. We also considered whether the judgments and assumptions made indicate a management bias that may represent a risk of material misstatement due to fraud. We refer to 'Estimates used in calculation of liabilities related to insurance contracts' that describes this fraud risk and our audit approach.

We considered available information and made enquiries of relevant executives, directors (including Internal Audit, legal, compliance & risk management departments and regional directors) and the Supervisory Board.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the Executive Board, inspecting the integrity risk analysis (SIRA), reading minutes, inspection of internal audit and compliance & risk management reports, communication with and reading correspondence from relevant regulatory and supervisory authorities, inspection of remediation plans and performing substantive tests of details of classes of transactions, account balances or disclosures. We refer to note 2 "Capital and Risk Management" to the financial statements.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit, particularly relating to indications for any shortcomings in relation to compliance with the Dutch Act on the prevention of money laundering and financing of terrorism and privacy. In case of potential non-compliance with laws and regulations that may have a material effect on the financial statements, we assessed whether Achmea has an adequate process in place to evaluate the impact of non-compliance for its activities and financial reporting and, where relevant, whether Achmea implemented remediation plans. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As declared in the Statement of the Executive Board of Achmea B.V., the Executive Board made a specific assessment of the Company's ability to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the specific assessment with the Executive Board exercising professional judgment and maintaining professional skepticism.

We considered whether the Executive Board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, also focusing on whether the Company will continue to meet the regulatory solvency requirements for an insurance group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the Company's ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Estimates used in calculation of liabilities related to insurance contracts	
Risk	Achmea has liabilities related to insurance contracts of EUR 56 billion representing 71% of the group's total liabilities. The measurement of liabilities related to insurance contracts involves judgment over uncertain future outcomes, which involves setting various assumptions regarding ultimate the total settlement value of insurance liabilities, including those for guarantees provided to policyholders. The use of different actuarial techniques and assumptions could produce materially different estimates of liabilities related to insurance contracts. We therefore consider the estimates used in calculation of liabilities related to insurance contracts a key audit matter. We include the specific risk considerations per various lines of business of Achmea below. For Life insurance, various economic and non-economic assumptions are being used to estimate these long-term liabilities, both in the insurance contract liabilities as reported in the balance sheet and in the liability adequacy test. The insurance liabilities are calculated based on a prudent prospective actuarial method for which assumptions are initially set at the policy issue date. The liability adequacy test is performed in order to confirm that insurance contract liabilities are adequate in the context of expected future cash outflows. The liability adequacy test in respect of the individual life and group pension business requires the application of significant judgement in the setting of assumptions in respect of future expenses including scalability of recurring costs, mortality and longevity experience, lapses, discount rates and inflation. Furthermore, the valuation of the liabilities related to unit-linked insurance contracts involves judgment on the outcome of legal claims and proceedings against the Company and the amounts required, if any, for any potential compensations. For Health insurance, the measurement of liabilities related to insurance contracts is firstly affected by the assumptions on the claims run-off patterns. Secondly, a significant contribution is received annually from the Dutch Health Insurance Fund. The estimated equalization contributions from the Dutch Health Insurance Fund including the estimated contribution from the catastrophe scheme comprise significant judgments on uncertain future income and Covid-19 health care costs. Lastly, the liability for loss-making insurance contracts is based on an estimation of the expected technical result for 2022 which includes, among others, judgments in respect of the contribution from the Dutch Health Insurance Fund and the health care cost forecast for 2022. For Non-life insurance, the key judgments relate to the assumptions on the claim trends, most importantly in the domain of personal injury, estimation of incurred, but not reported provisions ('IBNR'), recovery rates and discount rate. For reinsurance, the main judgmental areas relate to the assumptions on the claim trends, estimation of IBNR and catastrophe risk on non-life reinsurance contracts. We refer to the Note 6 'Liabilities related to insurance contracts and amounts ceded to reinsurers' of the financial statements.
Our audit approach	Our audit procedures included, among others, assessing the appropriateness of the Company's accounting policies related to the measurement of insurance liabilities and the liability adequacy test according to IFRS 4 'Insurance contracts' and whether assumptions and the methods for making the accounting estimates are appropriate and have been applied consistently. We involved our actuaries to assist us in performing audit procedures in this area. Our key audit procedures included evaluating the Company's methodology for calculating the insurance liabilities and an evaluation of the design of internal controls in this respect. We considered the analyses of the movements in insurance liabilities during the year. We assessed whether the movements are in line with the changes in assumptions adopted by the Company, our understanding of developments in the business and our expectations derived from market experience. We considered the validity of the Company's liability adequacy tests results. This is a key test performed in order to assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its assurance contracts and a risk margin.

OTHER INFORMATION

Estimates used in calculation of liabilities related to insurance contracts	
	In addition to the audit procedures listed above, our specific audit procedures per line of business of Achmea are included below. For Life insurance, our work specifically included evaluating the reasonableness of the liability adequacy tests methodology, including the projected cash flows and challenging the assumptions adopted, such as expense assumptions including scalability of recurring costs, mortality experience, lapse assumptions, discount rates and inflation, based on Company's and industry experience data, expected market developments and trends. Furthermore, we have reviewed the documentation and discussed the unit-linked exposures with management and the Company's internal legal advisors as well as obtained a legal letter from Achmea's external legal advisor on the developments regarding the unit-linked exposure and its potential impact on the valuation of liabilities related to insurance contracts. For Health insurance, we have performed the following specific audit procedures: • Evaluating the estimation method per health care type, performing back-testing on estimates for the previous financial year and assessing whether the assumptions and outcomes are in line with our expectations based on sector knowledge and external publications of the Dutch Health Insurance Fund. • Reconciling the assumptions and movements in the contribution of the Dutch Health Insurance Fund per budget year with the information received from Healthcare Institute of the Netherlands (ZiNL) and testing the reasonableness of the model including the assumptions used by Achmea in determining the equalization contributions. This included assessing the data used to determine the Covid-19 costs to be included in the contribution from the catastrophe scheme • Consideration of the reasonableness of the liability for loss-making insurance contracts based on the expected technical result 2022. In this relation, we have inspected the external publications of ZiNL with respect to the expected contributions for the claim year 2022 from the Dutch Health Insurance Fund. Additionally, we have assessed the estimated health care costs 2022 by reference to the contracts with healthcare providers in 2022, the (estimated) realization of the health care costs 2021 and external publications of Dutch Health Insurers ('Zorgverzekeraars Nederland'). For Non-life insurance, we have performed specific audit procedures on the assessment of the reasonableness of the claim trends, specifically for personal injury, estimation of IBNR, recovery rates and discount rates by reference to Company and industry data and recognised actuarial practice. For reinsurance, we have performed specific audit procedures on assessment of the reasonableness of the claim trends, estimation of IBNR and catastrophe risk on non-life reinsurance contracts by reference to Company and industry data (including assumptions and impacts of the effects of climate change) and recognised actuarial practice. We evaluated Achmea's disclosures in relation to insurance liabilities and the outcomes of liability adequacy test(s) results in accordance with IFRS 4 'Insurance contracts'. In particular we evaluated that disclosures adequately convey the degree of estimation uncertainty,
Key observations	We consider the estimates used in the calculation of liabilities related to insurance contracts to be reasonable. The disclosures of insurance liabilities and related results meet the requirements of EU-IFRS.

OTHER INFORMATION

Fair value measurement of investments and related disclosures	
Risk	Achmea invests in various asset types. 76% of assets are carried at fair value in the statement of financial position. Of the total assets, 13% is related to investments for which no published prices in active markets are available. Fair value measurement can be subjective, and more so for areas reliant on model based valuation. Valuation techniques for mortgages, loans, investment property, non-quoted equities and bonds, and derivatives involve setting various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. Associated disclosures are complex and dependent on high quality data. We therefore consider the fair value measurement of investments and related disclosures a key audit matter. Specific areas of audit focus include the valuation of Level 3 assets where valuation techniques are applied in which significant unobservable inputs are used. We refer to the Note 4 'Investment properties', Note 5 'Investments' and Note 8 'Fair value hierarchy' to the financial statements.
Our audit approach	Our audit procedures included, among others, assessing the appropriateness of the Company's accounting policies related to the fair value measurement of investments according to IFRS13 'Fair Value Measurement' and whether valuation techniques and inputs for measuring fair value are appropriate and have been applied consistently. We evaluated the design and tested operating effectiveness of the controls over valuation, independent price verification, parallel valuation and model validation and approval. We performed additional substantive procedures, supported by our valuation specialists where necessary. This included, where relevant, comparison of judgments made to current and emerging market practice and re-performance of valuations on a sample basis. We also assessed the impact of other sources of fair value information including gains or losses on disposal and fair value information based on the Company's own purchase transactions. Finally, we evaluated the related disclosures in accordance with IFRS 7 "Financial instruments: disclosures" and IFRS13 "Fair Value Measurement". In particular we evaluated that disclosures adequately convey the degree of estimation uncertainty and ranges for significant unobservable inputs.
Key observations	Based on our procedures performed, we consider the fair value of financial instruments to be within a reasonable range. The fair value disclosures of investments meet the requirements of EU-IFRS.

OTHER INFORMATION

Solvency II disclosure	
Risk	Achmea presents its capital position in accordance with Solvency II, in Note 2 ‘Capital and Risk Management’ of the financial statements. These disclosures provide information on the capital position of Achmea on a Solvency II basis of accounting compared to an IFRS basis. The determination of the Solvency II ratio involves judgments, among others in respect of methodologies used and setting “best estimate” assumptions. This specifically refers to the calculation of the best estimate of the insurance liabilities, the risk margin and the required capital, including deduction for the loss-absorbing capacity of deferred taxes (LAC DT). Achmea uses a partial internal model approved by the College of Supervisors for determining the required capital. This model includes calculation of the insurance risks for non-life and income protection insurance. Achmea also uses a partial internal model for calculating market risk. For the other risks, Achmea applies the standard formula in determining the solvency capital requirements. We have included the accuracy and reasonableness of Achmea’s Solvency II ratio as disclosed in the financial statements a key audit matter.
Our audit approach	We have performed audit procedures on the Solvency II calculations involving our actuaries. This included among others: • Considering of the appropriateness of the mortality experience, expense, disability and lapse assumptions used in the valuation of the “best estimate” insurance liabilities by reference to Company and industry data and expectations of future mortality and expense developments. • Considering of the appropriateness of methodology of estimation of the risk margin by reference to Company and industry data and recognised actuarial practice. • Inspecting model validations performed (including the partial internal model used for determining the solvency capital requirement, including new elements among others on equity and property risk) and evaluation of the assessment of the impact of any findings of the Risk Management Function and Actuarial Function. • Evaluating the methodology and assumptions for loss absorbing capacity of deferred taxes in the calculation of the Solvency Capital Requirement by reference to the Company and industry data and results of internal and external reviews of the methodologies and assumptions performed during the year. • Reading communication with the regulator and considering of any follow-up actions. • We evaluated the design and, where relevant, tested operating effectiveness of the internal controls over the Solvency II calculations. This included, where relevant, interpretation of guidelines, evaluation of judgments made and re-performance of calculations on a sample basis. We considered whether the Company’s disclosures in Note 2 ‘Capital and Risk Management’ of the financial statements in relation to capital and risk management are compliant with the relevant accounting requirements including IAS 1 ‘Presentation of Financial statements’, including the disclosures on the interpretations made by the Company and their impact (such as the interpretation on the contract boundaries on disability insurance).
Key observations	We consider the disclosure of the Solvency II ratio, including the assumptions used and their impact, adequate and meets the EU-IFRS requirements.

Reliability and continuity of the information technology and systems	
Risk	The activities and financial reporting of Achmea are highly dependent on the reliability and continuity of the IT environment. Achmea has a complex IT landscape, with different parties involved. Effective IT general controls with respect to change management, logical access, infrastructure and operations, support the integrity and continuity of the IT environment as well as the operating effectiveness of the automated controls. Achmea as an internationally operating insurer, is inherently subject to higher risks of cybersecurity attacks. Based on the above, we identified the reliability and continuity of the IT environment to be a key audit matter.
Our audit approach	IT audit professionals are an integral part of the audit team and assessed the reliability and continuity of the IT environment to the extent necessary for the scope of our audit of the financial statements. Our audit was not primarily designed to express an opinion on the continuity and reliability of Achmea's automated data processing (or parts thereof) and we have not been instructed to do so by management. As part of our audit procedures, we assessed the impact of changes to the IT environment during the year. Furthermore, we performed the following procedures: • Evaluating the design of the IT general control processes and testing the operating effectiveness of general IT controls for the main IT processes. This was done for the IT applications in scope of our audit as well as for the underlying operating system including database management and tooling supporting the IT processes. • Designing and executing IT substantive procedures when IT controls where lacking or not operating effectively. • Reviewing relevant SOC (ISAE) reports of vendors when one or more of the main IT processes have been outsourced, including critical cloud computing outsourcing and SaaS solutions. • Testing key application controls over data processing, data feeds and interfaces where relevant for the financial reporting. • Evaluating key IT related projects and data migrations relevant to the financial statement audit. Our audit was not aimed at making a statement about the cybersecurity procedures, controls and reporting of Achmea. However we did obtain an understanding of the cybersecurity procedures, controls and reporting as performed by Achmea.
Key observations	Based on our IT general controls testing procedures and IT substantive procedures performed, we have obtained sufficient assurance about the reliability of the automated data processing of IT systems that are relevant in the context of the financial statements audit.

Report on other information included in the year report

The year report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains all the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the management report and other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were appointed by the general meeting as auditor of Achmea B.V. on 16 December 2019, as of the audit for the year 2021 and have operated as statutory auditor since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

OTHER INFORMATION

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:
- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Audit & Risk Committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 9 March 2022

Ernst & Young Accountants LLP

W.J. Smit

Assurance rapport of the independent auditor

To: the General Meeting and Supervisory Board of Achmea B.V.

Our conclusion

We have reviewed the sustainability information in the accompanying annual report for the year 2021 of Achmea B.V. at Zeist. A review is aimed at obtaining a limited level of assurance.

Based on our review nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- The policy and business operations with regard to corporate social responsibility;
- The thereto related events and achievements for the year 2021;

in accordance with the reporting criteria as included in the section Reporting criteria.

The sustainability information is included in the following chapters in the of the annual report:

- Introducing Achmea
- Context and Strategy
- Objectives and results (excluding “How we create financial value” and “Future developments”)
- Supplement D. Other employee information
- Supplement E. Information on our carbon footprint

Basis for our conclusion

We have conducted our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N, “Assurance-opdrachten inzake maatschappelijke verslagen” (Assurance engagements relating to sustainability reports), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000, **“**Assurance Engagements other than Audits or Reviews of Historical Financial Information**”**. Our responsibilities under this standard are further described in the section Our responsibilities for the review of the sustainability information of our report.

We are independent of Achmea B.V. in accordance with the “Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten” (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the “Verordening gedrags- en beroepsregels accountants” (VGBA, Dutch Code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. Achmea B.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

OTHER INFORMATION

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards (option Core) of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as disclosed in "Supplement A. Reporting principles" of the annual report.

The absence of an established practice on which to draw, to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our review

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

The references to external sources or websites in the sustainability information are not part of the sustainability information as reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities of the Executive Board and the Supervisory Board for the sustainability information

The Executive Board is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in the section Reporting criteria, including the identification of stakeholders and the definition of material matters. The choices made by the Executive Board regarding the scope of the sustainability information and the reporting policy are summarized in "Supplement A. Reporting principles" of the annual report.

Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or errors.

The Supervisory Board is responsible for overseeing the reporting process of Achmea B.V.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a review is therefore substantially less than the assurance obtained in an audit.

We apply the "Nadere voorschriften kwaliteitssystemen" (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism throughout the review ,in accordance with the Dutch assurance standards, ethical requirements and independence requirements.

OTHER INFORMATION

Our review included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Executive Board
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These further review procedures consisted amongst others of:
  - Interviewing management and relevant staff at corporate level responsible for the sustainability strategy, policy and results
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information
  - Obtaining assurance information that the sustainability information reconciles with underlying records of the company
  - Reviewing, on a limited test basis, relevant internal and external documentation
  - Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level
- Evaluating the consistency of the sustainability information with the information in the annual report which is not included in the scope of our review
- Evaluating the overall presentation, structure and content of the sustainability information
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 9 March 2022

Ernst & Young Accountants LLP

Signed by R.J. Bleijs

The supplements belonging to the Executive Board report contain further information on the preceding sections in this annual report. Supplement A describes the basic principles we apply when compiling the annual report. This annual report was compiled in line with the GRI guidelines and principles as given in the PSI. In supplements B and C we explain how we do this. The GRI guidelines require certain HR information. In addition to the information given in the chapter 'Objectives and results – How we create value for our employees' this is included in supplement D. Supplement E complements the chapter 'Objectives and results – How we create value for society' and contains information on the carbon footprint of our business operations and investments. Supplement F contains information on the EU Taxonomy for sustainability. In supplement G we make the connection between the individual sections of the annual report (Context and strategy and Objectives and results) by showing how the material topics are embedded in our purpose and how we focus on these material topics. Finally, supplement H contains a glossary of terms.

SUPPLEMENTS

SUPPLEMENT A. REPORTING PRINCIPLES

Achmea's annual report, prepared under the responsibility of the Executive Board of Achmea B.V., comprises several chapters. The Executive Board report describes our strategy, the progress made in 2021, our vision of the future and how we manage the risks to which we are exposed. The supplements contain detailed sustainability reporting information. They also include a description of how we comply with the sustainable-reporting guidelines published by the Global Reporting Initiative (GRI) and the Principles for Sustainable Insurance (PSI) to which Achmea has signed up. The Governance chapter contains the Supervisory Board report and further information on governance. The annual report includes the consolidated and company financial statements for Achmea over 2021 as well as Other information.

Our annual report can be downloaded from our website (www.achmea.nl) from 12 April 2022. A Dutch version of the text is also available. In the event of any discrepancies between the Dutch and English versions of this report, the Dutch version will take precedence.

Reporting principles

The annual report is compiled in line with Dutch legal requirements. In addition, our annual report has been compiled in line with the GRI Standards (Core option). The annual report's structure complies in part with the principles of the 'International Integrated Reporting Framework' laid down by the International Integrated Reporting Council (IIRC). The Consolidated Financial Statements of Achmea B.V are prepared in accordance with International Financial Reporting Standards as adopted by the European Union as at 31 December 2021 and the requirements of Section 362, paragraph 9, Book 2 of the Dutch Civil Code. The company financial statements of Achmea B.V. have been prepared in accordance with Book 2, Title 9 of the Dutch Civil Code, whereby we make use of the option provided in Section 362, paragraph 8, Book 2 of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of net result applied in the Company Financial Statements of Achmea B.V. are the same as those applied in the Consolidated Financial Statements.

About this report

The Executive Board of Achmea B.V. is responsible for preparing the annual report. The (consolidated and company) financial statements are drafted under the supervision of the Group Finances department. Responsibility for the content and data to back up the non-financial and sustainability information contained in the annual report is assigned within the organisation. A working group takes care of determining the external reporting content. A steering committee approves the basic principles, draft copy and final copy. This steering committee is chaired by the director of Group Finances and also includes the directors of Reporting, Performance Management, Communications, Strategy, CSR and Information Technology.

Definition and scope of reporting

The financial information and a portion of the employee information contained in this annual report have been consolidated for Achmea B.V. and all its group companies. Achmea operates primarily in the Netherlands (which accounts for approximately 94% of its total written premiums, while 81% of its total workforce (FTEs) are employed there). Due to this strong Dutch focus, most of the non-financial and sustainability information only covers Achmea's Dutch operations. Where relevant, information is also included on Achmea's international operations. Achmea also reports on part of the value chain with respect to responsible investment and procurement for internal business operations. Where this is the case, the different scope is indicated.

Measuring, estimating and calculating

The quantitative non-financial and sustainability information has been collected in our data management system and via non-accounting statements which are completed annually by the operating companies in charge. All information is assessed, and plausibility checks are performed. Descriptions of how non-financial information is determined can be found in supplements C, D and F. Supplement H. Glossary also includes definitions of indicators.

Wherever possible comparative figures have been included for the relevant non-financial indicators. However, the impact of Covid-19 means that comparison of sustainability information in particular for the years 2021 and 2020 (and previous years) is only possible to a limited extent. This applies, for example, to the carbon footprint from our investments and own business operations. Commuter mileage and work-related trips or flights are liable to fluctuate because of the Covid-19 pandemic. Achmea policy is another element that contributes to a lower carbon footprint for our business operations, for instance taking solar panels into use in our office in Apeldoorn. However, it is impossible to quantify the impact of Covid-19 and this policy separately, and as a result how the figures evolved over 2021 and 2020 cannot always be compared to each other or directly to previous years.

Modifications to this report

Up to and including the 2020 financial year we published our annual report in two separate parts, part 1 'Annual Review' and part 2 'Year Report'. These two parts combined to form the annual report. The idea behind this was to meet the specific information needs of individual target audiences. However, this division into two parts is becoming increasingly difficult as sustainability themes are also more and more relevant for all target audiences (including investors). Moreover, publication in separate parts is less compatible

SUPPLEMENT A. REPORTING PRINCIPLES

with integrated reporting. We have therefore decided to publish the 2021 annual report as a single report. The Executive Board report is largely equivalent to the former part 1 'Annual Review' and in this sense will still be familiar to the individual target audiences.

In compiling the non-financial information contained in the Executive Board report, a number of changes have been made versus last year. These are, for example, the result of legal changes, including the disclosures that relate to the Taxonomy Regulation (see Supplement F.). In addition, the following changes were made:

- from 2021 the number of FTEs is defined on a 34-hour working week. In 2020 this was based on a 36-hour working week. , the FTEs were determined on the basis of a 36-hour working week. To facilitate comparison, the FTEs for 2020 are given in both a 34-hour and a 36-hour working week (supplement D);
- in 2021 the method for calculating the number of engagements on behalf of Achmea IM is determined has changed (Objectives and results – How we create value for society). From 2021 we only report those engagements for the investments of which Achmea IM is the legal owner and consequently can implement the SRI policy. Up to and including 2020 this was done for all investments managed by Achmea IM. The 2020 data have been adjusted to facilitate comparison;
- in 2021 the method for calculating the carbon footprint for our investments in mortgages was changed (Supplement E). We have brought the emission factors in line with those commonly used in the Dutch sector (tank-to-wheel) and when defining the attribution factor we attempt to adjust the impact of the increase in the collateral's value as much as possible by using non-indexed collateral values. The 2020 data have been adjusted to facilitate comparison;
- finally, in 2021 we adjusted a number of definitions to better reflect market practice, including the definition of the percentage of investments in own account for which the carbon footprint was measured. The definition of the percentage of electric cars in the lease fleet has also been adjusted to include hybrid cars from 2021. The 2020 data have been adjusted in accordance with the amended definition to facilitate comparison.

In some cases improvements have been made to the calculations for the sustainability information owing to more accurate data becoming available. One example is the calculation of the carbon footprint for the waste flow as part of our internal business operations. If this is the case, we have included a disclosure.

A summary of the changes to the accounting policies for determining our financial results has been included in the Consolidated Financial Statements of Achmea B.V. over 2021, Notes to the Consolidated Financial Statements of Achmea B.V., 1. General accounting policies.

Auditor's scope and level of assurance

Achmea has asked its external auditor, EY, to audit and assess its external reporting. The level of certainty applicable to the report is shown below.

- EY has audited the 2021 consolidated and company financial statements. These are included on pages 104 to 241 of the annual report. EY issued an unqualified audit report with the consolidated and separate financial statements on 9 March 2022. The independent auditor's report can be found on pages 245 to 256 under Other information;
- In addition to the audit of the financial statements, EY audited and assessed the sustainability information contained in the annual report (Executive Board report up to and including 'Objectives and results - How we create value for our employees' and supplements D and E). EY is responsible for providing an assurance report in which a 'limited assurance' is provided about the reliability and acceptability of the sustainability information contained in the parts of the annual report referred to above. The activities performed in obtaining a limited level of assurance are aimed at determining the plausibility of information and are not as in-depth as for assurance engagements aimed at obtaining a reasonable level of assurance. The level of assurance obtained in the review engagements is therefore considerably lower than the level of assurance obtained in audit engagements. EY provides no assurance as to the assumptions and feasibility of information relating to the future, such as the targets and objectives, projections and goals included in the report. The content of the websites referred to in this annual report and in supplement B. GRI index, supplement C. PSI table, supplement F. Information on the EU Taxonomy for sustainability, supplement G. Connectivity table and supplement H. Glossary of the annual report are not in scope of this assurance report. The assurance report can be found on pages 257 to 259 under Other information.

We value your feedback

Integrated reporting will continue to evolve, and we expect to implement further improvements in the future in terms of our reporting. We would appreciate hearing your feedback on ways in which we might be able to improve our approach. You will find our address details on the last page of this annual report.

SUPPLEMENT B. GRI INDEX

The Global Reporting Initiative (GRI) reporting framework comprises widely-accepted reporting standards for the economic, environmental and social performance of an organisation. This framework can be found on the GRI website (www.globalreporting.org). The report by Achmea's Executive Board is compiled using this GRI framework, Core option. The table below lists the GRI principles and references to where the information can be found. The aim is to create transparency on how we comply with the relevant GRI principle.

INDICATOR	DESCRIPTION	DETAILS/REFERENCE/EXPLANATION
GENERAL INFORMATION		
ORGANISATION PROFILE		
GRI 102-01	Name of the organisation	Colophon and contact information p. 287
GRI 102-02	Primary activities, brands, products and services	Executive Board report: Achmea at a glance p. 8; Our brands p. 9; Our value creation pp. 13-14
GRI 102-03	Location of the organisation's headquarters	Colophon and contact information p. 287
GRI 102-04	The number of countries where the organisation operates	Executive Board report: Our brands p. 9
GRI 102-05	Nature of ownership and legal form	Governance: Corporate Governance pp. 97-98
GRI 102-06	Markets served	Executive Board report: Our brands p. 9; Our value creation pp. 13-14; How we create value for our customers (NPS and customer satisfaction scores) p. 24
GRI 102-07	Scale of the organisation	Executive Board report: Achmea at a glance p. 9; How we create financial value pp. 54-73 Supplement D. Other employee information p. 268 Consolidated financial statements, Balance sheet p. 106
GRI 102-08	Information on employees and other workers	Supplement D. Other employee information pp. 268-269
GRI 102-09	Description of the organisation's supply chain	Executive Board report: Our value creation pp. 13-14; How create value for and with our partners pp. 28-30
GRI 102-10	Significant changes during the reporting period	Executive Board report: 2021 in brief p. 10 Consolidated financial statements, Notes the consolidated financial p. 205
GRI 102-11	Report whether and how the organisation applies the precautionary principle or approach is addressed by the organisation	Executive Board report: Risk management p. 75 Consolidated financial statements, Capital and risk management
GRI 102-12	Externally developed economic, environmental and social charters, principles to which the organisation subscribes	Supplement A. Reporting principles pp. 261-262 Supplement C. Principles for Sustainable Insurance pp. 266-267
GRI 102-13	Memberships of associations (such as industry associations) and national or international advocacy organisations	Executive Board report: How we create value for society pp. 32-40, Supplement C. Principles for Sustainable Insurance pp. 266-267 Supplement H. Glossary pp. 282-286 www.achmea.nl/en/contact/frequently-asked-questions
STRATEGY		
GR 102-14	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy for addressing sustainability	Executive Board report: A word from our Chair pp. 5-7
GRI 102-15	Description of key impacts, risks and opportunities	Executive Board report: Our environment pp. 16-17; In dialogue with our stakeholders (What do our stakeholders believe to be important?) pp. 19-20; Our strategy (The five building blocks of our strategy) pp. 21-22 Consolidated financial statements, Capital and risk management
ETHICS AND INTEGRITY		
GRI 102-16	Description of the organisation's values, principles, standards and norms of behaviour such as codes of conduct	Governance: Corporate Governance pp. 93-98 https://www.achmea.nl/en/sustainability
GRI 102-17	The internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Executive Board report: How we create value for our employees (Ethical corporate culture) p. 53 Governance: Corporate Governance p. 94
GOVERNANCE		
GRI 102-18	The governance structure of the organisation	Governance: Corporate Governance pp. 93-98
STAKEHOLDER ENGAGEMENT		
GRI 102-40	List of stakeholder groups engaged by the organisation	Executive Board report: In dialogue with our stakeholders p. 19
GRI 102-41	Percentage of total employees covered by collective bargaining agreements	Supplement D. Other employee information p. 268
GRI 102-42	The basis for identification and selection of stakeholders with whom to engage	Executive Board report: In dialogue with our stakeholders p. 19
GRI 102-43	The organisation's approach to stakeholder engagement	Executive Board report: In dialogue with our stakeholders p. 19

SUPPLEMENT B. GRI INDEX

INDICATOR	DESCRIPTION	DETAILS/REFERENCE/EXPLANATION
GRI 102-44	Key topics and concerns that have been raised through stakeholder engagement	Executive Board report: In dialogue with our stakeholders pp. 19-20 Supplement G. Connectivity table pp. 279-281
RAPPORTING PRACTICE		
GRI 102-45	List of all entities included in the organisation’s consolidated financial statements and not covered by this report	Consolidated financial statements, Interests in subsidiaries p. 222
GRI 102-46	Process for defining the report content, the boundaries, and the principles for defining report content	Executive Board report: In dialogue with our stakeholders pp. 19-20 Supplement A. Reporting principles p. 261
GRI 102-47	Material aspects identified in the process for defining report content	Executive Board report: In dialogue with our stakeholders pp. 19-20; Our strategy (The five building blocks of our strategy) pp. 21-22 Supplement G. Connectivity table pp. 279-281
GRI 102-48	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	Supplement A. Reporting principles pp. 261-262
GRI 102-49	Significant changes from previous reporting periods in the scope and aspect boundaries	Supplement A. Reporting principles p. 261
GRI 102-50	Reporting period for information provided	Contents p. 2
GRI 102-51	Date of most recent previous report	Year Report Part 2, 2020: Notes to the consolidated financial statements p. 173
GRI 102-52	Reporting cycle	Contents p. 2
GRI 102-53	Contact point for questions regarding the report or its contents	Colophon and contact information p. 287
GRI 102-54	Report the ‘in accordance’ option the organisation has chosen	Supplement A. Reporting principles p. 261
GRI 102-55	Report the GRI Content Index for the chosen option	Supplement B. GRI index pp. 263-265
GRI 102-56	Policy with regard to assurance	Supplement A. Reporting principles p. 261
MANAGEMENT APPROACH		
GRI 103-01	Aspect boundary within the organisation for each material aspect	Executive Board report: In dialogue with our stakeholders Supplement A. Reporting principles, Definition and scope of reporting Supplement G. Connectivity table (description topic)
GRI 103-02	Explanation of the management approach and parts thereof	The way in which the material topics are incorporated in our strategy is included in the Executive Board report: In dialogue with our stakeholders and Our strategy. In supplement G. we show how the material topics are embedded in our vision/mission (domains) and building blocks and how manage these.
GRI 103-03	Evaluation of the management approach	Some of the material topics have quantitative KPIs with which we measure progress on a topic. A part of the indicators with which we monitor progress on the material topics is qualitative in nature. In a number of cases indicators are being developed. As part of the process relating to the provision of internal information, we test the quantitative indicators to see how effectively they measure the progress of the strategy or impact. In supplement G we disclose how we manage the material topics.
MATERIAL TOPIC		In this table we only include a disclosure for the five most material topics. More information is included for the other topics in Supplement G. Connectivity table.
RESPONSIBLE INVESTMENTS		
Management Approach	a. Report why the aspect is material. Report the impacts that make this aspect material. b. Report how the organisation manages the material aspect and its impacts. c. Evaluation of the management approach	Executive Board report: In dialogue with our stakeholders The way which the material topics have been incorporated into our strategy is included in the Executive Board report: In dialogue with our stakeholders and Our strategy. This material topic has specific KPIs. In response to our transition strategy, our ambitions are being worked out in more detail using Science-Based Targets derived from the IPCC models. The first reference year for this goal is 2025. The route will be determined using annual targets and corresponding KPIs will be defined.
Own indicator	- % of own risk investments for which carbon footprint is determined - carbon footprint/intensity of investments - number of engagement / votes - implementation of exclusion policy	Executive Board report: Objectives and results, How we create value for society Supplement E. Information on our carbon footprint

SUPPLEMENT B. GRI INDEX

INDICATOR	DESCRIPTION	DETAILS/REFERENCE/EXPLANATION
SUSTAINABLE PRODUCTS AND SERVICES		
Management Approach	a. Report why the aspect is material. Report the impacts that make this aspect material. b. Report how the organisation manages the material aspect and its impacts. c. Evaluation of the management approach	Executive Board report: In dialogue with our stakeholders The way the material topics have been incorporated into our strategy is included in the Executive Board report: In dialogue with our stakeholders and Our strategy. Management is based on qualitative objectives in the domains at different levels in the organisation. This is reflected in various initiatives that were continued or started during the year. In response to our transition strategy our ambitions are being worked out in more detail using Science-Based Targets derived from the IPCC models. The first reference year for this goal is 2025. The route will be determined using annual targets and corresponding KPIs will be defined.
Own indicator	Qualitative	Executive Board report: Objectives and results, How we create value for society, How we create value for our customers, How we create value for an with our partners
PROTECTION OF CUSTOMER DATA		
Management Approach	a. Report why the aspect is material. Report the impacts that make this aspect material. b. Report how the organisation manages the material aspect and its impacts. c. Evaluation of the management approach	Executive Board report: In dialogue with our stakeholders The way the material topics have been incorporated into our strategy is included in the Executive Board report: In dialogue with our stakeholders and Our strategy. Management is based on qualitative objectives in the domains at different levels in the organisation. This is reflected in various initiatives that were continued or started during the year. These will be worked out for the coming years and associated KPIs will be defined.
Own indicator	Qualitative	Executive Board report: Objectives and results, How we create value for our customers
GOOD EMPLOYMENT PRACTICES		
Management Approach	a. Report why the aspect is material. Report the impacts that make this aspect material. b. Report how the organisation manages the material aspect and its impacts. c. Evaluation of the management approach	Executive Board report: In dialogue with our stakeholders The way the material topics have been incorporated into our strategy is included in the Executive Board report: In dialogue with our stakeholders, Our strategy and Objectives and results: How we create value for our employees.
Own indicator	Various MBO-scores Gender diversity in Directors' council and Senior management	Executive Board report: Objectives and results, How we create value for our employees, Supplement D. Other employee information
CUSTOMER SATISFACTION		
Management Approach	a. Report why the aspect is material. Report the impacts that make this aspect material. b. Report how the organisation manages the material aspect and its impacts. c. Evaluation of the management approach	Executive Board report: In dialogue with our stakeholders The way the material topics have been incorporated into our strategy is included in the Executive Board report: In dialogue with our stakeholders, Our strategy and Objectives and results: How we create value for our customers.
Own Indicator	Customer satisfaction score NPS	Executive Board report: Objectives and results, How we create value for our customers

SUPPLEMENT C. PSI TABLE

SOCIAL THEMES

Achmea signed the Principles for Sustainable Insurance (PSI) in 2012. The reference table below is designed to allow Achmea to account for the implementation of these principles in a transparent fashion. For further information about the PSI, see www.unepfi.org/psi.

PRINCIPLE 1: ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES (ESG) RELEVANT TO OUR INSURANCE BUSINESS ARE EMBEDDED IN OUR DECISION-MAKING

POSSIBLE ACTIONS: COMPANY STRATEGY	FULFILMENT/REFERENCE
Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations	Executive Board report: Our purpose, Our strategy, Our value creation
Dialogue with company owners on the relevance of ESG issues to company strategy	Executive Board report: Our purpose, In dialogue with our stakeholders www.verenigingachmea.nl
Integrate ESG issues into recruitment, training and employee engagement programmes	Executive Board report: How we create value for our employees
POSSIBLE ACTIONS: RISK MANAGEMENT AND UNDERWRITING	FULFILMENT/REFERENCE
Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions	Executive Board report: How we create value for society
Integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes, including research, models, analytics, tools and metrics	Consolidated financial statements, Capital and risk management
POSSIBLE ACTIONS: PRODUCT AND SERVICE DEVELOPMENT	FULFILMENT/REFERENCE
Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management	Executive Board report: Our strategy, How we create value for our customers, How we create value for society
Develop or support literacy programmes on risk, insurance and ESG issues	Executive Board report: How we create value for our customers, How we create value for society
POSSIBLE ACTIONS: CLAIMS MANAGEMENT	FULFILMENT/REFERENCE
Respond to customers quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood	Executive Board report: How we create value for our customers
POSSIBLE ACTIONS: SALES AND MARKETING	FULFILMENT/REFERENCE
Educate sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns	Executive Board report: How we create value for our employees
Make sure coverage, benefits and costs of products and services are relevant and clearly explained and understood	Executive Board report: How we create value for society, How we create value for our customers
POSSIBLE ACTIONS: INVESTMENT MANAGEMENT	FULFILMENT/REFERENCE
Integrate ESG issues into investment decision-making (e.g. by implementing the Principles for Responsible Investment)	Executive Board report: How we create value for society

PRINCIPLE 2: WE WILL WORK TOGETHER WITH OUR CLIENTS AND BUSINESS PARTNERS TO RAISE AWARENESS OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES, MANAGE RISK AND DEVELOP SOLUTIONS

POSSIBLE ACTIONS: CUSTOMERS AND SUPPLIERS	FULFILMENT/REFERENCE
Dialogue with clients and suppliers on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues	Executive Board report: In dialogue with our stakeholders, Our strategy, Our approach to climate change
Provide customers and suppliers with information and tools that may help them manage ESG issues	Executive Board report: How we create value for our customers, How we create value for society, Our approach to climate change
Integrate ESG issues into tender and selection processes for suppliers	Executive Board report: How we create value for society
POSSIBLE ACTIONS: INSURERS, REINSURERS AND BROKERS	FULFILMENT/REFERENCE
Promote adoption of the principles	Executive Board report: Our strategy, In dialogue with our stakeholders, How we create value for society
Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry	Executive Board report: How we create value for our employees

SUPPLEMENT C. PSI TABLE

PRINCIPLE 3: WE WILL WORK TOGETHER WITH GOVERNMENTS, REGULATORS AND OTHER KEY STAKEHOLDERS TO PROMOTE WIDESPREAD ACTION ACROSS SOCIETY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

POSSIBLE ACTIONS: GOVERNMENTS, REGULATORS AND OTHER POLICYMAKERS	FULFILMENT/REFERENCE
Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues	Executive Board report: How we create value for society, Our approach to climate change Consolidated financial statements, Capital and risk management
Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions	Executive Board report: In dialogue with our stakeholders
POSSIBLE ACTIONS: OTHER KEY STAKEHOLDERS	FULFILMENT/REFERENCE
Dialogue with intergovernmental and non-governmental organisations to support sustainable development by providing risk management and risk transfer expertise	Executive Board report: In dialogue with our stakeholders, How we create value for society
Dialogue with academia and the scientific community to foster research and educational programmes on ESG issues in the context of the insurance business	Executive Board report: In dialogue with our stakeholders
Dialogue with media to promote public awareness of ESG issues and good risk management	Executive Board report: In dialogue with our stakeholders, How we create value for society

SUPPLEMENT D. OTHER EMPLOYEE INFORMATION

The Global Reporting Initiative (GRI) framework requires insight to be given into the composition of the workforce. This supplement contains additional information to that included in the chapter 'Objectives and results - How we create value for our employees'. To ensure a practical bundling of expertise, Achmea has an operational organisation model consisting of distribution divisions, product divisions, internal services departments and policy-setting staff services. For the implementation of Achmea's HR policy, HR employs the organisational structure on the right.

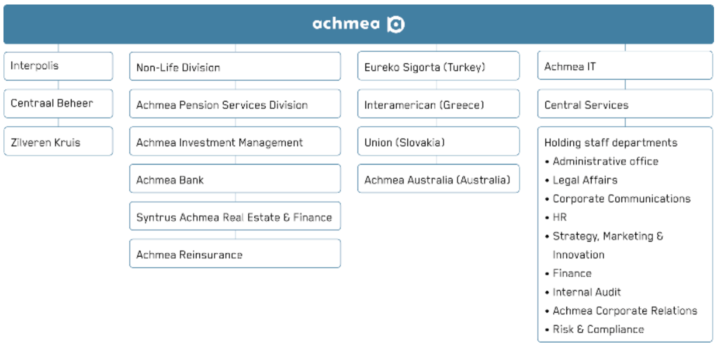


TABLE 1. NUMBER OF (INTERNAL) FTES AND EMPLOYEES OF ACHMEA AS AT 31 DECEMBER, INCL. THIRD-PARTY COMPANIES AND INTERNATIONAL SUBSIDIARIES

	2021		2020		
NUMBER OF EMPLOYEES AS AT 31 DECEMBER	FTE BASED ON A 34-HOUR WORKING WEEK[1]	EMPLOYEES	FTE BASED ON A 34-HOUR WORKING WEEK[1]	FTE BASED ON A 36-HOUR WORKING WEEK[1]	EMPLOYEES
Achmea Corporate Relations	20	20	18	17	17
Achmea Bank	160	157	158	150	152
Achmea Investment Management	297	276	262	247	242
Centraal Beheer	829	857	823	779	837
Central Services	1,081	1,109	1,129	1,067	1,141
Pension & Life Division	467	476	507	480	506
Non-Life Division	2,609	2,643	2,670	2,524	2,664
Finance	468	458	466	442	451
Human Resources	146	144	120	114	115
Achmea IT	1,219	1,184	1,221	1,154	1,159
Interpolis	166	164	169	160	165
Achmea Pension Services	386	376	427	404	409
Syntrus Achmea Real Estate & Finance	452	436	443	419	418
Zilveren Kruis	2,322	2,407	2,422	2,290	2,474
Other	513	509	548	522	539
Subtotal for Achmea in the Netherlands, excl. third-party companies	**11,135**	**11,216**	**11,383**	**10,769**	**11,289**
Eurocross Assistance	165	154	158	149	153
InShared	114	104	95	90	87
Customer Contact Services	474	613	97	91	108
Pim Mulier	7	8	7	7	8
Vitaliteit / Actify	0	0	7	7	10
Subtotal for third-party companies	**760**	**879**	**364**	**344**	**366**
Subtotal for Achmea in the Netherlands	**11,895**	**12,095**	**11,747**	**11,114**	**11,655**
Achmea Australia	104	105	118	112	107
Eureko Sigorta	814	695	818	772	691
Interamerican Greece	1,284	1,133	1,340	1,266	1,188
Union	703	624	697	658	617
Subtotal for international subsidiaries	**2,905**	**2,557**	**2,973**	**2,808**	**2,603**
Total	**14,800**	**14,652**	**14,720**	**13,921**	**14,258**

[1] From 2021, the number of FTEs are determined based on a 34-hour working week. In 2020 this was based on a 36-hour working week. To facilitate comparison, the FTEs for 2020 in this table are given in both a 34-hour working week and a 36-hour working week.

SUPPLEMENT D. OTHER EMPLOYEE INFORMATION

TABLE 2. NUMBER OF ACHMEA EMPLOYEES BY CONTRACT TYPE AND GENDER, INCLUDING THIRD-PARTY COMPANIES AND INTERNATIONAL SUBSIDIARIES

		2021		2020
NUMBER OF EMPLOYEES BY CONTRACT TYPE AND GENDER AS AT 31 DECEMBER	PERMANENT CONTRACT[1]	TEMPORARY CONTRACT	PERMANENT CONTRACT[1]	TEMPORARY CONTRACT
Male	7,115	285	7,053	247
Female	6,777	475	6,610	348
Total	**13,892**	**760**	**13,663**	**595**

1 The number of employees in the Netherlands, excluding third-party companies, who fall under a collective labour agreement is 97% (end of 2020: 97%).

TABLE 3. NUMBER OF ACHMEA EMPLOYEES BY CONTRACT TYPE AND COUNTRY, INCLUDING THIRD-PARTY COMPANIES AND INTERNATIONAL SUBSIDIARIES

		2021		2020
NUMBER OF EMPLOYEES BY CONTRACT TYPE AND COUNTRY AS AT 31 DECEMBER	PERMANENT CONTRACT	TEMPORARY CONTRACT	PERMANENT CONTRACT	TEMPORARY CONTRACT
The Netherlands	11,319	622	11,101	401
Australia	99	6	101	6
Bulgaria	0	0	6	3
Greece	1,122	11	1,174	14
Slovakia	514	110	464	153
Czech Republic	24	3	25	3
Turkey	810	8	789	14
Suriname	4	0	3	1
Total	**13,892**	**760**	**13,663**	**595**

TABLE 4. NUMBER OF ACHMEA EMPLOYEES BY EMPLOYMENT RELATIONSHIP AND GENDER, INCLUDING THIRD-PARTY COMPANIES AND INTERNATIONAL SUBSIDIARIES

		2021		2020
NUMBER OF EMPLOYEES BY EMPLOYMENT RELATIONSHIP AND GENDER AS AT 31 DECEMBER	FULL-TIME[1]	PART-TIME	FULL-TIME[1]	PART-TIME
Male	6,715	685	6,516	784
Female	4,312	2,940	3,829	3,129
Total	**11,027**	**3,625**	**10,345**	**3,913**

1 Full-time employees based on the number of hours that constitute a full-time employment contract or higher number of hours (in 2021 more than or equal to 34 hours; 2020 more than or equal to 36 hours).

TABLE 5. NUMBER OF INTERNAL AND EXTERNAL EMPLOYEES, INCLUDING THIRD-PARTY COMPANIES AND INTERNATIONAL SUBSIDIARIES

		2021		2020
NUMBER OF EMPLOYEES BY EMPLOYMENT RELATIONSHIP AND GENDER AS AT 31 DECEMBER	INTERNAL[1]	EXTERNAL	INTERNAL[1]	EXTERNAL
Male	7,400	1,099	7,300	1,221
Female	7,252	1,139	6,958	1,679
Total	**14,652**	**2,238**	**14,258**	**2,900**

1 Internal employees are those with an employment contract with Achmea.

SUPPLEMENT E. INFORMATION ON OUR CARBON FOOTPRINT

CO_2 EMISSIONS OF INTERNAL BUSINESS OPERATIONS

We seek to reduce the CO_2 emissions from our internal business operations and aim to achieve climate neutrality in these by 2030. We reduce our environmental impact through reductions in and greening of our energy consumption, cutting paper consumption and reusing our waste. On top of this, since 2011 we have offset Achmea's net CO_2 emissions in the Netherlands by purchasing carbon emission certificates, whereby our policy since 2020 is that these certificates must contribute to at least two of our focus SDGs.

In accordance with the Greenhouse Gas Protocol (GHG Protocol), the carbon footprint is expressed in different Scope categories. Scope 1 emissions are direct emissions from own sources or sources that are controlled by Achmea. Scope 2 emissions are indirect emissions from the generation of purchased energy and/or services. Scope 3 emissions are all relevant indirect emissions (not included in scope 2) connected to our business operations that occur in Achmea's footprint of our employees' commuter mileage.

The charts contain comparative figures. The impact of Covid-19 hinders comparison between 2021 and 2020 (and previous years). The Covid-19 pandemic led to a significant decrease in, for example, energy consumption (our offices were used less), while our commuter mileage and work-related trips or flights were also severely affected. These developments were positive for the carbon footprint. Achmea taking solar panels into use in Apeldoorn also resulted in a lower carbon footprint in 2020. However, it is impossible to quantify the impact of Covid-19 and this policy separately, and this makes it more difficult to interpret the figures over 2021 compared to previous years.

Furthermore, the availability and quality of the data used to measure the CO_2 emissions has improved over the past few years. Major drivers here are the importance that Achmea and society attach to measuring the carbon footprint. This means that in comparisons across several years some data are included that were either not available or were less comprehensive in previous years. For instance, until 2018 only internal processes were in scope for paper consumption when calculating the carbon footprint, while paper flows from external processes have also been included since 2018. In 2021, we improved the methodology for calculating emissions from the waste stream, which has resulted in lower estimated emissions than in previous years. The comparative figures for this have not been adjusted.

Basis for conversion factors

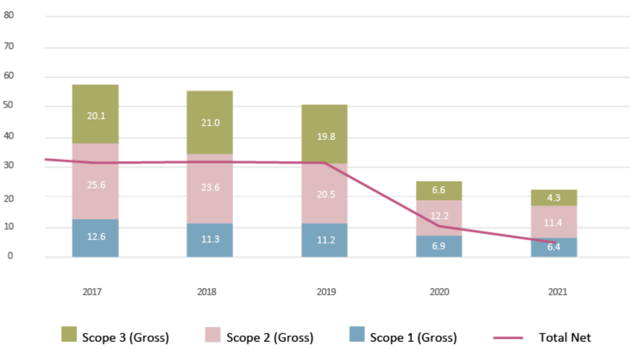
The basis for most of the conversion factors for our footprint is the List of CO_2 emission factors (www.CO2emissiefactoren.nl). For paper we use Stichting Stimular's Envirometer. For air travel our travel agent uses the conversion factors published by the Climate Neutral Group (CNG). As of 2021 our waste processor uses a new tool for its calculations, the impact checker (www.impactinstitute.com). This impact checker enables us to calculate CO_2 emissions more accurately than in the past. Commuting distance is estimated by multiplying the distance between the employee's registered place of work and their place of residence by the number of registered travel days. An adjustment is made for holidays and absenteeism and account is taken of the impact of Covid-19. Achmea uses green procurement in its business operations. This relates to e.g. gas, electricity, fuel for car leasing and external servers. For electricity, for instance, the origin and source of this green electricity are established in what are known as Guarantees of Origin (GOs); for 2021 this is European wind power.

Source and scope of CO_2 data

We measure the carbon footprint of our energy use, mobility, refrigerants use, paper consumption, waste and outsourced servers. CO_2 emissions for Achmea Netherlands are measured excluding third-party companies (please see supplement D for the definition). However, third-party companies are included in the calculation of the carbon footprint from the consumption of gas (scope 1) and electricity (scope 2). The carbon footprint from the use of Cloud services is also included in the calculations from 2021.

The table below shows the CO_2 emissions for the past five years.

CO_2 EMISSIONS (IN KTON CO_2) GROSS/NET



Over the past five years, total gross CO_2 emissions have fallen from 58.3 kilotons in 2017 to 22.1 kilotons in 2021 and net CO_2 emissions have decreased from 31.5 kilotons in 2017 to 3.8 kilotons in 2021. Compared to last year the carbon footprint is slightly lower, mainly resulting from a drop in commuter mileage and work-related flights, because due to Covid-19 travel movements were also limited in the first quarter of 2021. Net CO_2 emissions have fallen sharply because a larger proportion of emissions have been

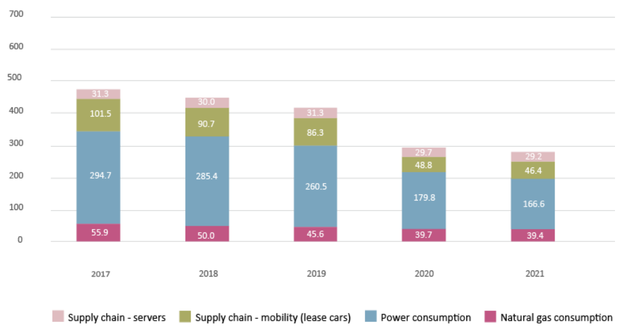
SUPPLEMENT E. INFORMATION ON OUR CARBON FOOTPRINT

compensated by suppliers, especially the fuel from the lease car fleet.

Energy savings

Energy consumption for Achmea Netherlands, as shown in the figure below, is measured excluding third-party companies (please see supplement D for the definition). Third-party companies are included in the calculation of the consumption of gas and electricity.

ENERGY CONSUMPTION (IN GIGAJOULES X 1000)



In 2021 energy consumption decreased by 6% versus 2020 (by 30% in 2020 compared to 2019). This can partly be attributed to the impact of Covid-19 that led to our offices again being used less in 2021. In addition, adjustments were made to the number of offices in use.

CO_2 EMISSIONS OF THE INVESTMENT PORTFOLIO

Achmea also takes climate change into account in its investments. We do so knowing that climate change and the transition to a low-carbon economy can have an impact on the value of our investments. After starting to measure the CO_2 emissions of a substantial portion of our equity investments in 2017, we later extended this to include corporate bonds (2018) and our investments in government bonds and mortgages (2019), followed by investment properties a portion of the investments in equities and corporate bonds backing linked liabilities (2020). In doing so, we charted the carbon footprint of 81% (2020: 51%) of our investment property, of 65% (2020: 67%) of the investments for own account excluding derivatives and of 24% (2020: 23%) of the investments backing linked liabilities excluding derivatives. In accordance with what has been agreed in the Dutch National Climate Agreement, over the next few years we will continue to investigate options for charting the carbon footprint of a larger portion of our investments. At the moment this is not always possible because of the lack of a uniform methodology for measuring CO_2 for some investments (e.g. deposits held at reinsurance companies). In some cases data are either unavailable or incomplete.

The next step is to gradually reduce our carbon footprint. We have started on the own risk investments and those asset classes in which we expect to be able to achieve the most: our investments in large corporations. We have reached agreement with our asset managers on achieving an optimum reduction in the carbon footprint compared with the applied benchmark in the equity and corporate bond portfolios. Optimum means that this reduction will not significantly alter the risk and return of the investment portfolio. In doing so, we managed the investments in equities and corporate bonds on carbon intensity. In 2021 we set ourselves the target of having climate-neutral investments in equities and corporate bonds by 2040. Here we commit to a transition route founded on Science-Based Targets derived from the IPCC models. The first reference year for this goal is 2025. The route will be determined using annual targets.

Methodology

When calculating the carbon footprint and the CO_2 intensity, we follow the recommendations of the Dutch Platform Carbon Accounting Financials (PCAF) and the Task Force on Climate-related Financial Disclosures (TCFD) respectively.

In accordance with the Greenhouse Gas Protocol (GHG Protocol), the carbon footprint is expressed in different Scope categories. For the CO_2 emissions of investments we define these categories from the perspective of the entity/property in which we invest. Scope 1 emissions are direct emissions from own sources or sources that are under direct control investment object/property. Scope 2 emissions are indirect emissions from the generation of energy and/or services purchased by the relevant investment object. Scope 3 emissions are all relevant indirect emissions connected to the value chain of the investment object.

Scope 1 and 2 emissions are included in the calculation of the carbon footprint for equities and corporate bonds; scope 3 emissions are excluded as companies do not use consistent methods to report on these. The scope 1 and 2 CO_2 emissions of the equities held in a company are allocated proportionally to the portfolio's carbon footprint. This means: on possession of 1% of the equities, 1% of the CO_2 emissions is counted in the calculation. The total CO_2 emissions for the entire equity portfolio are divided by the total market value of the equity portfolio and multiplied by one million euros. This is how we calculate the CO_2 emissions for each million euros invested. This method also makes it easier to compare the portfolio's CO_2 emissions to those of other portfolios and over time. The CO_2 intensity of the equity and corporate bond portfolios is measured using the weighted average CO_2 intensity method. The CO_2 intensity (ton CO_2 per million USD sales) of a company is allocated to the portfolio based on the current value of the investment versus the portfolio value multiplied by the CO_2 emissions of the company divided by the company's total sales in US dollars.

SUPPLEMENT E. INFORMATION ON OUR CARBON FOOTPRINT

We only include the scope 1 emissions in the calculation of the carbon footprint for government bonds: scope 2 and 3 emissions are excluded due to the lack of uniform and reliable data. The scope 1 CO_2 emissions of a country are allocated proportionally to the portfolio's carbon footprint. The portion of a country's total (nominal) sovereign debt held in the portfolio is determined using an 'ownership approach'. This percentage is then used to calculate the portion of CO_2 emissions financed for that country. Government-related paper is counted as coming within the domicile of the country.

When calculating the CO_2 emissions for mortgages, we first calculate the energy consumption for the underlying value. We do so based on the energy consumption per postcode obtained from network providers or based on the average energy consumption for an energy label. This energy consumption is then converted into CO_2 emissions by multiplying the energy consumption by emission factors.

When calculating the CO_2 emissions for mortgages, we first calculate the energy consumption for the underlying value. We do so based on the energy consumption per postcode obtained from network providers or based on the average energy consumption for an energy label. This energy consumption is then converted into CO_2 emissions by multiplying the energy consumption by emission factors.
When measuring the carbon footprint of investment properties, the first step is to determine the energy consumption of the property. These data are derived from smart meters, manual readings, invoices and the Typical Domestic Consumption Values (TDCVs) of national network operators. This energy consumption is then converted into CO_2 emissions by multiplying the energy consumption by emission factors. At portfolio level this is expressed in CO_2 emissions per square metre. This creates greater transparency on how the portfolio emissions evolve over the years. The investments backing linked liabilities for which we calculate the carbon footprint are investments in equities and corporate bonds. The same method is used for these as described above for the own risk investments.

Source and scope of CO_2 data

We use CO_2 data purchased from MSCI ESG to calculate the carbon footprint of our investments in equities and corporate bonds (both for own risk and linked liabilities). The CO_2 data for calculating the carbon footprint of our investments in government bonds comes from Eurostat, the statistical office

OVERVIEW SOURCE AND SCOPE OF CO_2-DATA FOR EACH INVESTMENT CATEGORY

	Investments own risk												Investment backing linked liabilities			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Equities (Achmea EQ DM)		Corporate bonds[1] (Achmea credits)		Government bonds (Achmea government bonds)		Mortgages (investments insurance operations)		Banking credit portfolio		Investment property[2]		Equities		Corporate bonds[1]	
% investments for which the carbon footprint is being measured (measured against the book value of the investment)	75%	71%	66%	66%	83%	85%	99%	99%	91%	90%	83%	54%	78%	73%	14%	14%
Source of data on the basis of which CO_2 is being measured[3]																
% based on reported CO_2 data (by companies, governments etc.)	84%	79%	82%	81%	100%	100%							84%	81%	60%	65%
% modelled[4]	15%	19%	11%	9%	0%	0%	100%	100%	100%	100%	100%	100%	16%	18%	9%	14%
% no data available	1%	2%	7%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	31%	21%

1 These are the corporate bonds in developed markets of the Dutch insurers, whereby the investments are held according to the investment strategy 'credit quality investment grade or higher'.

2 For investment property based on the surface area of the properties.

3 The carbon footprint of government bonds, mortgages and investment property is based on carbon data for the previous year (i.e. 2021 for reported data in 2020). For equities and corporate bonds, the data is based on the most recently available information: for investments own risk 91% of the reported data is reported in 2020 or more recently, for Investments backing linked liabilities this is 89% of the data.

4 For mortgages and investment property 100% is modelled as CO_2 emissions are not directly reported. These are determined on the basis of the energy consumption as obtained by network operators (investment property and part of the mortgages), approximated by energy labels (mortgages) or determined on the basis of the average energy consumption based on national averages (mortgages).

SUPPLEMENT E. INFORMATION ON OUR CARBON FOOTPRINT

of the European Union. The energy consumption of real estate investments and mortgaged properties is calculated using smart meters, data from network operators and, if these are unavailable, energy labels. The carbon footprint for the estimated energy consumption of real estate is based on the emission factors given on www.CO2emissiefactoren.nl.

The table on the previous page shows for each investment category for which part of the investments the carbon footprint has been determined and also the source for the data used.

	CO_2-EMISSIONS (TON CO_2 /MILLION INVESTED CAPITAL)	
Achmea mortgages[1]:	2021	2020
Based on carbon footprint of 100% of the collateral[2, 4]		
- part of Own risk investments	22.4	24.2
- part of Banking credit portfolio	26.2	27.7
Based on carbon footprint of the loan as portion of total collateral value (attribution factor)[2, 4]		
- part of Own risk investments	16.7	19.0
- part of Banking credit portfolio	15.8	17.0
Achmea Investment property[3]	15.8	19.6

1 Expressed versus the nominal value.
2 The PCAF methodology for determining the carbon footprint of mortgages is currently under discussion. In the past, the carbon footprint of the entire collateral was included. From 2020, the portion of the loan in the total value of the collateral (attribution factor) is considered. For the purposes of comparison, we have included both the carbon footprint based on the former PCAF methodology and the modified methodology. The calculation of the attribution factor is based on the last known value of the collateral.
3 The number of kg of CO_2 per m^2 of Investment property is 33.1 (2020: 42.3).
4 In 2021, the way in which we determine the carbon footprint for our investments in mortgages has changed. We aligned the emission factors with those customary in the Dutch sector ('tank-to-wheel') and, when determining the attribution factor, corrected the effect of the increase in the value of collateral as much as possible by working with non-indexed collateral values if available). The 2020 figures have been adjusted for the purpose of comparison. As from 2021 we made an adjustment for 'outliers' for all collateral in determining the energy consumption derived from information based on the postal area by maximizing the energy consumption at, for example, 2 times the energy consumption of a home that consumes a lot of energy (old, detached house).

	CO_2-EMISSIONS (TON CO_2 /MILLION EURO INVESTED CAPITAL)		CO_2-INTENSITY (TON CO_2 /MILLION USD SALES)	
	2021	2020	2021	2020
Achmea EQ DM[5]	67.9	68.8	75.0	93.3
MSCI World	67.0	84.7	127.5	139.3
Difference	**1.5%**	**-18.8%**	**-41.2%**	**-33.0%**
Achmea Credits			93.1	93.5
Benchmark			154.9	139.6
Difference			**-39.9%**	**-33.0%**
Achmea government bonds	2.6	2.3		
Benchmark	2.8	2.5		
Difference	**-9.6%**	**-7.1%**		
Investment backing linked liabilities:				
-Shares			76.8	110.8
-Corporate bonds			82.9	120.8

5 In 2021 the CO_2 intensity of the Global Quality Value Equities portfolio was 58.5 ton CO_2/MLN USD Sales (2020: 74.0 ton CO_2/MLN USD sales) and 82.9 ton CO_2/MLN USD sales for the Global Enhanced Equities portfolio (2020: 98.1 ton CO_2/MLN USD sales). Both portfolios are part of the Achmea EQ DM.

SUPPLEMENT E. INFORMATION ON OUR CARBON FOOTPRINT

Results

In 2021, the carbon footprint of the portion of the equity portfolio for which it was measured was lower than the benchmark (MSCI World) at 41.2% (2020: 33.0%) in terms of CO_2 intensity. For CO_2 emissions this was 1.5% higher than the benchmark (2020: -18.8%). We note that our reduction targets are aligned on CO_2 intensity and not on CO_2 emissions. The carbon footprint of Achmea credits over 2021 was lower than the benchmark for CO_2 intensity at 39.9% (2020: 33.0%). The carbon footprint of Achmea government bonds was 9.6% lower than the benchmark (2020: 7.1%). No benchmark has as yet been set for the purposes of comparing the carbon footprint of mortgages and investment properties. Nor has a benchmark been set for the investments backing linked liabilities due to the nature of these investments.

SUPPLEMENT F. INFORMATION ON THE EU TAXONOMY FOR SUSTAINABILITY

SUSTAINABILITY OF OUR INVESTMENTS AND PREMIUM INCOME

The Taxonomy Regulation is an EU-wide classification system that enables investors and companies to assess whether specific economic activities are sustainable. It is initially focusing on the ecological sustainability of activities but over the next few years will be expanded to include the other sustainability criteria (Social and Governance). In accordance with the EU Taxonomy's current stance, an activity is sustainable if it makes a positive contribution to at least one of the EU Taxonomy's environmental goals, while at the same time doing no significant harm to the other environmental goals (Do No Significant Harm) and finally meeting minimum (social) safeguards.

The EU Taxonomy has an impact on Achmea in several ways. The EU Taxonomy is used by the asset managers within Achmea to assess how sustainable the investments of the various funds are (under the Sustainable Finance Disclosure Regulation). In addition, we use the EU Taxonomy as a starting point to identify the criteria our insurance products should meet in order to be classified as sustainable. We can take this into account in product development.

Article 8 of the regulation requires companies that come under the Non-Financial Reporting Directive (NFRD) to publish information on how and to what extent their activities are connected to economic activities that could be classed as 'ecologically sustainable' under the EU Taxonomy regulation. The NFRD currently applies to 'large public interest entities' (large PIEs). Achmea B.V. therefore needs to comply with the disclosure requirements in its consolidated annual report.

The effective date for the regulation is 2022, which means the information must be included in annual reports published as of that year (i.e. over the 2021 financial year). It is not necessary to include comparative figures for the 2020 financial year. A simplified regime applies to the 2021 financial year (and for financial institutions also to annual reports over 2022). This simplified regime requires the disclosure of information on which portion of a company's activities are eligible for alignment with the EU Taxonomy (rather than whether an activity is actually aligned with the EU Taxonomy thereby contributing to the EU's goals).

Only those economic activities that can contribute most to the policy goals formulated by the EU are included in the EU Taxonomy. The EU Taxonomy has six environmental goals. So far only the criteria for meeting the environmental goals aimed at 'Mitigation' and 'Adaptation' have been defined through a separate Climate Regulation, the other will follow at a later stage.

Achmea Group, reported on in the consolidated annual report, is a financial services provider with dominant insurance activities. Although Achmea B.V. itself is not a financial service provider, given the consolidated nature of the annual report we believe it best to give an idea of the sustainability of our activities if we disclose the KPIs as defined for insurers in the EU Taxonomy. This means that in the 2021/2022 annual reports we will disclose the portion of our investments and premium income that is eligible for alignment with the EU Taxonomy; from the 2023 annual report we will disclose whether the investments and premium income are actually in alignment with the EU Taxonomy.

The classification of the economic activities covered by the Climate Regulation is based on NACE (Nomenclature statistique des Activités économiques dans la Communauté Européenne, or Statistical classification of economic activities in the European Union). The Climate Regulation describes the conditions (screening criteria) that the economic activity in relation to mitigation and adaptation must meet in order to be aligned with the climate goals of the EU Taxonomy. The NACE codes are intended to aid in navigating the Taxonomy; only the specific description of the economic activity in the delegated papers gives the exact scope of the activities. The reference to NACE codes is therefore only indicative. These NACE codes are only known for European companies and, in the event that they are registered in the Netherlands, are allocated to the companies at the time of registration at the Chamber of Commerce. The NACE codes are allocated by a similar body for the remaining European countries.

The EU Taxonomy requires us to make a number of interpretations and assumptions due to the lack of certain types of data. As far as possible we have aligned our interpretations with those of our sector peers, both in the Netherlands and in Europe. As this is new legislation and there is little experience either in the Netherlands or Europe of reporting such information, we expect the European Commission or other bodies to provide further guidance on this. It may be necessary to implement changes at some point in the future that could have an impact on the reported information in terms of both form and content.

Premiums eligible for alignment with the EU Taxonomy

The table on the next page gives the gross written premiums for the lines of business with (re)insurance contracts that are eligible for alignment with the EU Taxonomy. The economic activities that may be eligible for alignment with the EU Taxonomy are only related to the environmental goal 'Climate adaptation' and linked to NACE codes K65.12 (property & casualty) and K65.20 (reinsurance). These are non-life and health insurance contracts that include cover for climate-related risks.

NACE code K65.12 includes insurance and reinsurance services based on the Solvency II lines of business (not life insurance), consisting of medical expense insurance, income

SUPPLEMENT F. INFORMATION ON THE EU TAXONOMY FOR SUSTAINABILITY

insurance, workers' compensation insurance, motor vehicle liability insurance, other motor insurance, marine, aviation and transport insurance, fire and other damage to property insurance and assistance. Reinsurance activities that cover climate-related risks (in the insurance contracts that are being reinsured) are also included in the gross written premiums eligible for alignment with the EU Taxonomy.

% PREMIUMS ELIGABLE FOR ALLIGNMENT WITH THE EU TAXONOMY

(€ MILLION)

		31 DECEMBER 2021
	GROSS WRITTEN PREMIUMS	OF WHICH LINKED TO ACTIVITIES THAT ARE ELIGIBLE FOR ALIGNMENT THE EU TAXONOMY
Gross written premiums		
Non-Life	4,399	2,178
Health	14,689	-
Total gross written premiums for Non-Life and Health	**19,088**	**2,178**
% of premiums eligible for alignment with EU Taxonomy		**11%**

The table gives the premiums of the (re)insurance activities that are part of the product groups in the Climate Regulation (non-life and health insurance). It was then determined whether the policy terms and conditions explicitly cover climate-related risks, for example storm damage. If a product provides cover for climate-related risks on the basis of the policy terms and conditions, all gross written premiums of the product are included and not only the part of the premiums that can be attributed to the climate-related risks. If climate-related risks are not named specifically in the policy terms and conditions, the product group to which these (re)insurance contracts belong is not included in the premiums eligible for alignment with the EU Taxonomy. Health and disability insurance are examples of these.

Investments eligible for alignment with the EU Taxonomy

In order to provide insight into the sustainability of Achmea's investments as a financial conglomerate, we include all the investments listed in the consolidated financial statements of Achmea B.V. This means that we include disclosures on the total investments of the insurer/bank as stated on our balance sheet. The investments we manage on behalf of third parties in our role as an asset manager are not part of the consolidated balance sheet (as we do not bear the economic risk on these) and are therefore not included in the overview given below.

To decide which portion of the assets is eligible for alignment with the EU Taxonomy, in accordance with the requirements laid down for insurers, those investments are included that focus on financing or are connected to the economic activities aligned with the taxonomy. This means that certain assets, including cash and intangible assets, are not included in the table on the next page.

In the 2021 annual report it is only necessary to disclose which investments have been made or loans granted for economic activities included in the screening criteria for the 'Climate Mitigation' and 'Climate Adaptation' environmental goals.

Investments issued by central governments, central banks and supranational issuers also include loans issued to regional governments and local authorities. This interpretation is the same as the definition applied for the purpose of Solvency II. These investments are excluded (in both the numerator and the denominator) from the calculation of the % of investments eligible for alignment with the EU Taxonomy.

Derivatives are not included in determining which portion of the investments are eligible for alignment with the EU Taxonomy. This is because derivatives are primarily used to reduce risk rather than to finance an asset or economic activity.

As of year-end 2021 no reported data are available for the investments/loans in equities, corporate bonds and a large portion of the other investments. Further guidance on the EU Taxonomy (Q&A) requires that the mandatory disclosures about these assets are based on factual information provided by the respective companies. Due to the lack of reported data as at year-end 2021 for a large part of our investments, it is not possible to determine which part of these investments can potentially be aligned with the EU Taxonomy without the use of assumptions and estimates. This means that in the table on the next page we have included these assets as Assets/Investment in companies for which as at year-end 2021 no reported data are available and other activities not eligible for alignment with de EU Taxonomy.

This line includes for Property for own use and other equipment the equipment and right-of-use assets corresponding to our operational lease contracts. For the Banking credit portfolio, loans to banks are included as well as balance sheet items related to hedge accounting.

Given that data reported by companies is not (yet) available, the assets that qualify for alignment with the EU Taxonomy for the time being only concern our investments in mortgages within the banking and insurance operations and (investment) property. The percentage as included in the table of 32% is therefore low compared to a situation in which reported data on investments in (listed) companies are available.

SUPPLEMENT F. INFORMATION ON THE EU TAXONOMY FOR SUSTAINABILITY

INVESTMENTS ELIGIBLE FOR ALIGNMENT WITH EU TAXONOMY

(€ MILLION)

	31 DECEMBER 2021					
	TOTAL ASSOCIATES AND JOINT VENTURES, PROPERTY FOR OWN USE AND OTHER EQUIPMENT, INVESTMENT PROPERTY AND INVESTMENTS	INVESTMENTS ISSUED BY CENTRAL GOVERNMENTS, CENTRAL BANKS AND SUPRANATIONAL ISSUERS (OTHER THAN GREEN GOVERNMENT BONDS)	TOTAL ASSETS MENTIONED BEFORE MINUS INVESTMENTS ISSUED BY CENTRAL GOVERNMENTS, CENTRAL BANKS AND SUPRANATIONAL ISSUERS (OTHER THAN GREEN GOVERNMENT BONDS)	DERIVATIVES	ASSETS / INVESTMENTS IN COMPANIES FOR WHICH AS AT YEAR-END 2021 NO REPORTED DATA ARE AVAILABLE AND OTHER ACTIVITIES NOT ELIGIBLE FOR ALIGNMENT WITH EU TAXONOMY	ASSETS / INVESTMENTS IN COMPANIES FOR WHICH AS AT YEAR-END 2021 NO REPORTED DATA ARE AVAILABLE AND OTHER ACTIVITIES NOT ELIGIBLE FOR ALIGNMENT WITH EU TAXONOMY
Associates and joint ventures	41	-	41	-	41	-
Property for own use and other equipment	473	-	473	-	244	229
Investment property	1,028	-	1,028	-	-	1,028
Investments:						
- Investments for own account	50,895	11,987	38,908	6,363	23,727	8,818
- Investments backing linked liabilities	15,305	1,057	14,248	154	14,094	-
- Banking credit portfolio	11,932	-	11,932	-	574	11,358
	79,674	**13,044**	**66,630**	**6,517**	**38,680**	**21,433**
As % of Total assets mentioned before minus investments issued by central governments, central banks and supranational issuers						**32%**
As % of Total associates and joint ventures, Property for own use and other equipment, Investment property and Investments						**27%**

Based on the delegated acts under art. 8 of the Taxonomy Regulation, investments in companies that *do not* fall under the so-called Non Financial Reporting Directive (NFRD) *do not* qualify as an investment that can be aligned with the EU Taxonomy. The investments are therefore included under Assets/Investment in companies for which as at year-end 2021 no reported data are available and other activities not eligible for alignment with de EU Taxonomy. The delegated acts art. 8 prescribe that it must be disclosed which part of the assets relates to investments issued by or provided to companies that do not fall within the scope of the NFRD. Given that the mortgage portfolios of both the banking and insurance operations focus on granting loans to retail customers, this portion of the investments does not come under the scope of the NFRD. This is not relevant to investment property (for alignment with the EU Taxonomy the characteristics of the property itself will need to be examined). This information is not (yet) available for investments in shares, corporate bonds and other assets.

Voluntary additional disclosures on investments that qualify for alignment with the EU Taxonomy

To give an idea of which portion of the investments in listed companies may be eligible for alignment with the EU Taxonomy, we have made an estimate based on the NACE code for these investments. In doing so we took the NACE code corresponding to the issuing institution as our basis. If the NACE code is not included in the sectors as given in the screening criteria for the environmental goals, our assumption is that the relevant asset is not eligible for alignment with the EU Taxonomy. This is also the case if the issuing institution is a holding company. Although we believe the NACE code can give a good indication of the size of economic activities that qualify for alignment with the EU Taxonomy, it may not be representative of the reported figures.

In principle we used the first four digits of the NACE code. If it was not available, but a NACE code based on the first two digits was, we used that. We often invest in investment funds for the investments that we hold for the account and risk of policyholders. For funds managed by third parties, information on the underlying investments within the fund was not always available. In those cases we have used the NACE code of the investment fund.

The NACE code used is determined based on a variety of sources, including annual reports, prospectuses, websites etc. In some cases NACE codes are defined based on professional judgement.

The table on the next page shows which part of our investments is expected to qualify for alignment with the EU Taxonomy on the basis of the principles described above.

SUPPLEMENT F. INFORMATION ON THE EU TAXONOMY FOR SUSTAINABILITY

ESTIMATED % OF INVESTMENTS ELIGIBLE FOR ALIGNMENT WITH EU TAXONOMY

(€ MILLION)

	31 DECEMBER 2021
Assets eligible for alignment with EU Taxonomy based on reported data (see table on previous page)	21,433
Increased by: estimated value of investments eligible for alignment with EU Taxonomy based on NACE code	12,680
Estimated value of assets eligible for alignment with EU Taxonomy	**34,113**
As % of Total associates and joint ventures, Property for own use and other equipment, Investment property and Investments	**43%**

In the event of data being made available by companies (which also can be used by the investment funds in which we invest), the actual percentage may and in all probability will deviate from the estimated percentage stated in the table.

SUPPLEMENT G. CONNECTIVITY TABLE

How Achmea establishes its material topics is described in the chapter ‘In dialogue with our stakeholders’. In the table below we first give a description of the material topics. Next, we show how the material topics are embedded in our vision/mission (domains) and building blocks. More on this can be found in the chapters ‘Our purpose’ and ‘Our strategy’. The material topics are given in the order of importance attached to them by the various stakeholders (from high to less high). We also demonstrate how we manage these material topics and refer to the part of the annual report that contains more information on these. As part of the process of internal information provision, the indicators are tested for effectiveness with regard to measuring the progress of the strategy or impact. Some of the indicators we use to measure progress on material topics are qualitative; indicators for measuring progress quantitatively are still being developed. These will be worked out in more detail over the coming years, partly based on the availability of data.

MATERIAL TOPIC	LINK TO OUR PURPOSE (VISION/DOMAINS & BUILDING BLOCKS)	HOW WE MEASURE PROGRESS ON THIS TOPIC	EXECUTIVE BOARD REPORT	SECTION
Responsible investment In addition to the financial return, the investment process takes special note of human rights, social conditions and health and the impact on nature, the environment and the climate.	Sustainable Living. Together	% of own risk investments for which carbon footprint is determined CO_2 intensity of investments in businesses Number of businesses in which engaged shareholdership is exercised through engagements on behalf of Achmea and (clients of) Achmea IM Implementation of exclusion policy	Objectives & results: How we create value for society	Our role in society as an investor and mortgage provider
			Supplement E. Information on our carbon footprint	CO_2 emissions of the investment portfolio
			Supplement F. Information on the EU Taxonomy for sustainability	Sustainability of our investments and premium income
Climate change The changing climate affects insurers in a variety of ways. There is more damage or loss caused by extreme weather. In the longer term, investments in sectors comprising fossil fuels will become riskier due to a potential loss of value. To help prevent climate change, globally we need to reduce CO_2 emissions and use less and cleaner energy.	Sustainable Living. Together	Carbon footprint from own operations (in kton) % of electric vehicles in fleet of lease cars All indicators under Responsible investment	Objectives & results: How we create value for society	Our role in society as an insurer - Climate action Our role in society as an investor and mortgage provider Responsible business operations
			Objectives & results: Our approach to climate change	All underlying sections
			Supplement E. Information on our carbon footprint	All underlying sections
			Supplement F. Information on the EU Taxonomy for sustainability	Sustainability of our investments and premium income
Healthcare and health New medicines, treatments and other medical innovations mean that more is possible, but healthcare is also becoming more expensive. Insurers have a responsibility to keep healthcare affordable. This can be accomplished via prudent health procurement, but also by promoting a healthy lifestyle and encouraging healthcare innovations such as e-health.	Bringing healthcare closer	We use qualitative objectives to manage the domain at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year. Also: Relational NPS Zilveren Kruis	Objectives & results: How we create value for society	Our role in society as an insurer - Bringing healthcare closer
			Objectives & results: How we create value for our customers	Zilveren Kruis
			Objectives & results: How we create value for our partners	Partners in healthcare
Sustainable products & services These might include advice, services, financial products or insurance policies that contribute to solving social and environmental problems and that encourage and/or help customers to make e.g. their homes, mobility or business more sustainable or to lead a healthier lifestyle.	Sustainable Living. Together	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Objectives & results: How we create value for society	Our role in society as an insurer
			Objectives & results: How we create value for our customers	Centraal Beheer, Zilveren Kruis, Interpolis and Other brands
			Objectives & results: How we create value for our partners	Achmea and Rabobank Partners in living environment and

SUPPLEMENT G. CONNECTIVITY TABLE

MATERIAL TOPIC	LINK TO OUR PURPOSE (VISION/DOMAINS & BUILDING BLOCKS)	HOW WE MEASURE PROGRESS ON THIS TOPIC	EXECUTIVE BOARD REPORT	SECTION
				mobility Partners in business and employment practices
Solidarity & inclusion Insurance is a form of organised solidarity: via your insurance premium you make it possible for yourself, but also for others, to receive compensation for damage or loss, to receive pension benefits and to have healthcare expenses paid. Solidarity in insurance is lost if premiums are based too much on individual risks. This could potentially lead to uninsurability for certain groups, to greater inequality in society and to less prosperity.	Sustainable Living. Together	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Objectives & results: How we create value for society	Our role in society as an insurer Investing in society
Protection of customer data Customer privacy is an important topic. Data are the property of the individual customer. Careful handling of data and protection against theft, data leaks and IT failures are essential to customer confidence in an insurer.	Large client base Expertise in data & digital	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Our strategy	The five building blocks of our strategy: Expertise in data & digital
			Objectives & results: How we create value for our customers	Customer centricity and mutual trust form the basis for our actions
Robust financial performance A robust financial performance is essential for insurers to be able to meet long-term commitments to their customers, but also to invest in the future. This demands we strike a balance between administrative costs, profits and solvency on the one hand and premium levels on the other.	Outstanding financial position	Operational result Solvency ratio Gross written premiums Gross operating expenses	Our strategy	Outstanding financial position
			Objectives & results: How we create financial value	All underlying sections
Innovation & technology Technological trends are enormously important to services. They enable customers to get in touch using whichever channel suits them best and at any time of the day or night. Big data offer new opportunities for better estimating risks and can form a basis for customised recommendations for prevention. The protection of privacy and clear communications on the use of big data are essential here.	Expertise in data & digital	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Our strategy	Expertise in data & digital
			Objectives & results: How we create value for society	Dilemma: data use and affordability of insurance policies
			Objectives & results: How we create value for our customers	Customer centricity and mutual trust form the basis for our actions
			Objectives & results: How we create value for our partners	Partners in renewal an innovation
Customer satisfaction An insurer needs to be relevant to the daily lives of its customers. This means standing ready to assist customers, rapid and good customer service, transparency on expenses and rates, but also offering appropriate advice - for instance on how to prevent damage or loss.	Large client base Skilled employees Expertise in data & digital	Customer satisfaction scores Relational NPS	Our strategy	Large client base
			Objectives & results: How we create value for our customers	All underlying sections
Good employment practices As employees constitute the beating heart of a company, it is important for Achmea to be a good employer. This means investing in e.g. the personal development and education of employees, safe, healthy and inclusive working conditions, long-term employability, sound terms and conditions of employment and a workforce that	Skilled employees Outstanding financial position	Various Employee Engagement Survey scores Gender diversity in senior management and at executive level (% of women)	Our strategy	Skilled employees
			Objectives & results: How we create value for our employees	All underlying sections

SUPPLEMENT G. CONNECTIVITY TABLE

MATERIAL TOPIC	LINK TO OUR PURPOSE (VISION/DOMAINS & BUILDING BLOCKS)	HOW WE MEASURE PROGRESS ON THIS TOPIC	EXECUTIVE BOARD REPORT	SECTION
encompasses the full spectrum of diversity.				
Financial empowerment Trends in social security, the pension system and changes to the job market mean that many people enjoy less security about their financial future. In the event of a reduced role for the public sector and changes to the social and pension systems, people need to arrange more for themselves. In this case, insight into future requirements and into financial risks is more important than ever.	Income for today and tomorrow	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Objectives & results: How we create value for society	Our role in society as an insurer - Income for today and tomorrow
Sustainable & safe mobility The Netherlands faces enormous challenges in relation to mobility, accessibility and reducing CO_2 emissions. The advent of driverless and electric vehicles could provide a fresh impetus to solving mobility and climate problems. Moreover, road traffic safety can be improved further in the Netherlands: there are regular accidents and more young fatalities. For an insurer it is also important to respond to new developments and increase awareness of dangerous traffic situations.	Smart mobility	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Objectives & results: How we create value for society	Our role in society as an insurer - Smart mobility
Safe and sustainable home and living environments Our quality of life is greatly affected by our immediate living environment. Many factors play a role here: general living conditions, security, sustainability, social contacts, accessibility and amenities such as shops, schools and public parks and green spaces. Insurance and services can contribute to this in a number of ways.	Carefree living & working	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Objectives & results: How we create value for society	Our role in society as an insurer - Carefree living & working
Sound business climate A sound business climate is an important pillar of our economy. Insurance and services can help businesses to prevent and absorb damage or loss as much as possible. Insurance against illness and disability, and services relating to pensions, safe and healthy working practices help businesses to create sound working conditions.	Sustainable Living. Together	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Objectives & results: How we create value for society	Our role in society as an insurer - Carefree living & working Our role in society as an insurer - Income for today and tomorrow
			Objectives & results: How we create value for our customers	Several initiatives for the business market at the Brands of Achmea
			Objectives & results: How we create value for our partners	Brokers

SUPPLEMENT H. GLOSSARY

Annual Premium Equivalents (APEs)
The total amount in annual premiums from new regular premium business plus 10% of the total amount of single-premium business written during the year.

Asset-backed securities
Financial instruments financed with cash flow generated by an asset portfolio, with the assets having been provided as business security.

Assets under Management (AuM)
The market value of all the investments managed.

Basic health insurance
Compulsory health insurance, mandatory for all residents of the Netherlands. This represents the cover provided by the basic health insurance, consisting of a standard package of healthcare services considered essential by the Dutch government.

Carbon footprint
The total amount of greenhouse gases emitted by an organisation. The carbon footprint covers all relevant processes of an organisation that affect climate.

Circular economy
The shift from ownership to usage (e.g. leasing arrangements), as well as the re-use of products (products as raw materials) as a solution to scarcity of raw materials.

Claims ratio
The claims ratio is claims, including claims handling expenses, expressed as a percentage of net earned premiums.

Climate neutral
Climate neutral means that certain activities have no positive or negative impact on the climate. The term 'climate neutral' is mainly used to indicate that certain activities have no negative effect on the climate, which means: no net emission of CO_2.

Combined ratio
The combined ratio is a measure of profitability used by insurance companies to indicate how well they are performing in their day-to-day operations. A ratio below 100% indicates that the company is making underwriting profit while a ratio above 100% means it is incurring higher expenses and paying out more money in claims than it is receiving from premiums. A ratio of over 100% does not necessarily mean that an insurer is making a loss on the contract, however, given that an insurer can still generate investment income. The combined ratio is the sum of the claims ratio and the expense ratio.

Collateral
An asset pledged by a borrower to secure a loan and subject to seizure in the case of default.

Compliance
Compliance refers to the process of ensuring that laws and regulations are adhered to within an organisation. The purpose of compliance is to manage compliance risk and reduce any loss arising from such risk.

Corporate Governance
Corporate Governance refers to the way in which companies are governed, and involves maintaining a system of checks and balances within corporations. It refers to a combination of governing, managing, supervising and accounting for the company’s policies to a number of different stakeholders, including customers, employees, (business) partners and shareholders.

Corporate Social Responsibility (CSR)
By engaging in Corporate Social Responsibility (also known as ‘sustainable business’), we demonstrate that we are responsible for the quality of life in society and the communities in which we operate. This means being a responsible member of the community through charitable actions, which may include encouraging and facilitating volunteer work by employees.

Covered bonds
Debt instruments secured by a cover pool of mortgage loans, which provide bond holders with additional security.

Counterparty default risk
The risk to each party of a contract that the counterparty will not live up to its contractual obligations. Achmea is exposed to many counterparties in the areas of investment, treasury, banking, reinsurance, healthcare providers, brokers and policyholders.

Credit default swap (CDS) spread
A CDS is a contract between two parties that involves the transfer of third-party credit risk. It can be used as insurance for a bond investment portfolio, whereby, if the bond issuer defaults on repayment of the loan amount, the credit default swap compensates for this loss. The spread of a CDS is an indication of the risk associated with the swap, i.e. the difference between the expected yield of the CDS and the yield of the bond.

Credit risk
The risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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Customer Centricity score
Each year, the Netherlands Authority for the Financial Markets (AFM) measures the extent to which banks and insurers place customers' interests first via its Customer Centricity Dashboard. The AFM awards the results of its survey a score on a scale of 1 to 5. The AFM's regular survey of specific topics enables it to establish how a company is evolving.

Customer Satisfaction Score
The customer satisfaction score is an indicator that indicates the degree of customer satisfaction in a company. This indicator is measured using a customer satisfaction survey. A customer satisfaction survey, whether oral or written, includes assessments of various aspects of the service. As part of this survey, customers are asked to score the Overall Service on a scale ranging from 1=very dissatisfied to 10=very satisfied. The average score of all customers is the customer satisfaction score.

Defined benefit pension plan (DB)
A type of pension plan in which an employer commits to paying a specified monthly benefit to its employees on retirement. The amount to be paid for the pension entitlement is set using a formula that is usually based on the employee's income and length of service.

Defined contribution pension plan (DC)
A type of pension plan under which an entity (a company) pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to meet its obligations to its current and future beneficiaries.

Derivatives
Financial instruments whose price depends on, or is based on, one or more underlying assets. Their value is determined by fluctuations in the underlying asset.

Dutch Association of Insurers (Verbond van Verzekeraars)
The Association of Insurers is an interest group comprised of private insurance companies operating in the Dutch market. The Association, whose members collectively represent most of the domestic insurance market, is an independent entity governed and funded by its members.

ECB AAA Curve
Yield curve based on government bonds issued by Eurozone countries with a Fitch AAA rating set by the European Central Bank.

Employee Engagement Survey (MBO)
The MBO is an annual online survey that is conducted by an external party. All employees with a contract for a definite or indefinite period who are employed on 1 September will receive an invitation to participate. The MBO consists of a questionnaire by which an employee can provide feedback on various subjects. The questions concern, for example, employee involvement and enthusiasm as well as underlying HR themes such as leadership, employability and talent development. The content of the research is determined by Achmea itself. In principle the questionnaire is revised every year, but a large part of the questions remains unchanged. This allows Achmea to measure whether progress is being made on the various themes.

Engagement
Engagement is a form of responsible investment whereby investors take on the role of active shareholders, entering into a dialogue with investee companies regarding sustainability issues.

ESG
The Environmental, Social and Governance aspects of an organisation that must be taken into account in order to conduct specific processes, including the investment of premium funds, in a socially-responsible manner.

Exclusion (relating to responsible investment)
Exclusion refers to the practice of refraining from investing in specific companies, such as those engaged in the manufacture of products regarded as controversial by the Dutch government, e.g. producers of cluster bombs, land mines, and biological and chemical weapons.

Execution only
Execution-only services refer to services whereby customers select their own insurance products, including all product options, without seeking actual advice from the insurer.

Expense ratio
The expense ratio is operating expenses, including internal costs of handling claims, less internal investment expenses and less restructuring provision expenses, expressed as a percentage of net earned premiums.

Free Capital Generation
The change in equity that is freely available, for example for dividend payments or investments. This is the increase in capital above the required capital under Solvency II or the required capital according to the own requirement.

FSC-certified
FCS, the Forest Stewardship Council, is an international organisation, established in 1993, dedicated to promoting responsible forest management. FSC sets global standards for forest management and provides certification (in the form of a seal of approval) to companies for their efforts in this area.

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Global Reporting Initiative (GRI)
International organisation that sets guidelines for sustainability reporting.

Goodwill
The amount of future economic benefits arising from assets that are not capable of being individually identified and separately recognised as an asset in a business combination.

GPF: General Pension Fund
GPFs are new players in the second pillar of the pension market and are not restricted to a specific area. This allows GPFs to combine and administer the pension schemes of different employers or pension funds. This may result in economies of scale and cost benefits, while still maintaining control over the pension scheme.

Gross written premiums
Total premiums on insurance and reinsurance contracts in a given period.

Impairment
The amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The asset's carrying amount is reduced to its fair value and recognised in profit and loss.

Insurance contract
A contract under which one party (the insurer) accepts an insurance risk from another party (the policyholder) by agreeing that the policyholder will receive compensation if a specific future event (i.e. the insured event) adversely affects the policyholder.

Insurers' Code
This code of conduct is based on three core values of the insurance sector: 'providing security', 'making it possible' and 'social responsibility'. The code serves as a basis for the activities of the Dutch Association of Insurers (Verbond van Verzekeraars) and its individual members. It combines existing and new self-regulation of the sector with general provisions.

Intangible asset
An identifiable, non-monetary asset without physical substance.

Integrity (corporate ethics)
Integrity or corporate ethics refers to acting in a conscientious manner and in line with the applicable codes of conduct. It includes not conducting business with organisations and/or individuals that are guilty of corruption and/or fraud and also covers the way fraudulent claims are handled.

Interest rate risk
The risk that the fair value or future cash flows of a financial instrument and/or commitments will fluctuate because of changes in market interest rates.

International Financial Reporting Standards (IFRS)
Reporting standards and interpretations for companies issued by the International Accounting Standards Board (IASB). These comprise: International Financial Reporting Standards (IFRS and IAS); and Interpretations by the International Financial Reporting Interpretations Committee (IFRICs and SICs).

Intergovernmental Panel on Climate Change (IPCC)
A United Nations organisation that assesses the risks of climate change. The panel is made up of hundreds of experts from around the world, from universities, research centers, corporations, environmental organisations and other organisations. The IPCC does not conduct research itself, but evaluates research published in scientific journals.

Liability Adequacy Test (LAT)
An assessment of whether the carrying amount of an insurance liability needs to be increased (or the carrying amount of related deferred acquisition costs or related intangible assets decreased), based on a review of future cash flows.

Liquidity risk
Liquidity risk constitutes the risk that actual and potential payments and obligations cannot be fulfilled at the time of their maturity.

Market risk
Market risk refers to the risk that an entire market or asset class declines, which can potentially affect the price and value of the assets in the portfolio.

Micro-insurance
Micro-insurance products are designed for the most deprived populations in developing countries. These insurance policies offer very low premiums, while the sum insured is low as well.

Mortgage-backed securities
Mortgage-backed securities are a type of asset-backed security that is secured by a mortgage or collection of mortgages.

Net Promoter Score (NPS)
The Net Promoter Score (NPS) is an important and widely known performance indicator for customer satisfaction and customer loyalty. The higher this score, the more satisfied and loyal customers and users are. The central question is how likely it is that customers would recommend the

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company or brand to others. This results in a score that varies between -100 and +100.

Operating expenses
All expenses associated with selling and administrative activities (excluding commissions) after reallocation of claim handling expenses to benefits paid.

Operational risk
The risk that losses may occur from the inadequacy or malfunctioning of internal processes or systems, or external events.

Option
A financial instrument that conveys the right to buy (call option) or a right to sell (put option) a security at a reference price during a specified time frame.

Own risk investments
Own Risk investments relate to the premiums paid by our customers. These are invested in order to be able to meet future commitments.

Parent company
An entity that has control over one or more other companies (the subsidiary).

Pillars of the Dutch pension system
In the Netherlands, a pension can be accrued in four different ways. These are known as the four pillars of the Dutch pension system. The first pillar is the state pension (AOW) that senior citizens receive from the Dutch government, the second is the pension that is accrued via the employer, the third is the individual pension accrued on a voluntary basis and the fourth is the accrual of (pension) capital via a person's own home.

Principles for Responsible Investment (PRI)
The United Nations Principles for Responsible Investment (PRI) represent a framework for institutional investors. Launched in April 2006, the PRI aim to help integrate consideration of environmental, social and governance issues by institutional investors into investment decision-making. Further information is available at www.unpri.org.

Principles for Sustainable Insurance (PSI)
The United Nations Principles for Sustainable Insurance (PSI), launched in 2012, are a standards framework for insurance companies designed to incite the insurance industry to consider environmental impact, social living conditions, transparency, customer interests and corporate governance in its business operations. Further information is available in supplement C and at www.unepfi.org.

Private equity
An asset class consisting of equity securities of companies that are not publicly traded on a stock exchange.

Prudent remuneration policy
A prudent remuneration policy attempts to find a balance between compensation that is commensurate with the abilities and level of responsibility of our employees, international standards and rules, and the expectations of our stakeholders. The principles for a controlled remuneration policy, as set by regulators De Nederlandsche Bank (DNB) and the Netherlands Authority for the Financial Markets (AFM), serve as the basis for evaluating the remuneration policies of financial companies. The principles and supervision of this policy are aimed at fighting the incentives which could potentially result in undesired and irresponsible risks being taken, which, in turn, could cause customer interests to be neglected.

Responsible investment
Responsible investment (also referred to as 'ethical investment' or 'socially-responsible investment') is a form of investment whereby financiers consider the impact on human beings and the environment in their investment decisions.

Service book
Portfolio of pension & life insurance contracts. This insurance portfolio consists of a closed portfolio of pension and life insurances in which no new policies are sold and an open portfolio of new sales of term life insurance policies and direct annuities.

Socially accepted return
In order to achieve a socially accepted return, it is important to strike a balance between implementation costs, profit and solvency on the one hand and the amount of the premiums on the other hand. There is a public interest, in particular, in privatised collective provisions such as the basic health insurance.

Solvency
Solvency expresses the degree to which insurers are able to meet their future obligations. All insurance companies are required by law to maintain a specific solvency margin as a safety margin (required solvency margin). This is regulated by De Nederlandsche Bank, thereby providing additional security to policyholders. If an insurance company's actual solvency margin is equal to the minimum solvency requirement, the solvency ratio is 100%, while if an insurer maintains a capital than required, the solvency ratio exceeds 100%.

Solvency II (SII)
Solvency II is a European Union legislative initiative that became effective in all EU Member States on 1 January 2016. The initiative introduced a new, standardised regulatory

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regime for insurers across Europe and contains legislation regarding insurance solvency and risk convergence.

Spread
The difference between the current bid and the current ask or offered price of a given security.

Stakeholders
Stakeholders are individuals or entities that have a stake in an organisation of whatever nature. They are involved in the organisation's activities, share in its profits, influence its performance and assess its economic, social and environmental impact. Achmea focuses in her value creation mainly on five stakeholder groups: customers, partners, employees, capital providers and society.

Subordinated debt
Loans (or securities) that rank after other debts should the company fall into receivership or be closed.

Supplementary health insurance
The supplementary health insurance is a voluntary additional cover to the basic insurance cover, covering medical expenses.

Sustainable development
Development that meets the needs of today's generation, without endangering the ability of future generations to meet their own needs. Sustainable development encompasses three dimensions: economic, ecological and social. Sustainable development refers to wider environmental and social interests rather than the interests of specific organisations.

Taskforce on Climate-related Financial Disclosures (TCFD)
Taskforce set up in 2015 by the Financial Stability Board to develop climate-related financial risk information. The idea is for the information to offer insight into the financial impact of climate change on a company.

Third-party companies
Third-party companies include Achmea subsidiaries of which the social and environmental aspects are not registered at the central level. This is in line with the structure used for HR policy (see also supplement D) and comprises the following entities: Eurocross Assistance, InShared, Klant Contact Services, Pim Mulier and Achmea Vitaliteit / Actify.

Ultimate Forward Rate (UFR)
The Ultimate Forward Rate (UFR) represents the notional interest rate after the last liquid point (LLP) in the forward swap market. It is a risk-free notional interest rate used for long-term contracts which are undertraded due to the long period of time involved. The UFR is used for a variety of purposes, including the valuation of specific long-term contracts and to calculate the solvency ratio.

Unit-linked contracts
Life-insurance contract which involves investing in an investment fund through the purchase of units. There is often a choice between equity, bond and mixed funds.

United Nations Universal Declaration of Human Rights
Adopted and proclaimed by the General Assembly of the United Nations on 10 December 1948, the United Nations Universal Declaration of Human Rights sets out the fundamental rights of all people and is a key element of many organisations' codes of conduct as part of their supply-chain responsibility policies.

Underwriting risk
The risk the insurer has taken over from the policyholder. Achmea is exposed to life risk, non-life risk, income risk and health risk as a result of its broad insurance product range.

Value chain
An organisation's value chain includes the activities that convert inputs into outputs by adding value. It includes entities with which the organisation has a direct or indirect business relationship and that either:
- provide products or services that contribute to the organisation's own products or services, or
- receive products or services from the organisation.

VCS certificates
VCS stands for Voluntary Carbon Standard. These standards are used to determine whether carbon emissions are being reduced in sustainable projects. VCS are only used for assessments to obtain VERs (Verified Emission Reduction credits). The VERs issued by VCS are also known as VCUs (Voluntary Carbon Units).

Voting/Voting Policy
Achmea can influence companies by voting. By exercising voting rights, we want to encourage companies to, for example, improve the quality of their management and improve sustainability. We expect this to be positive for the development of shareholder value in the long term. For Dutch companies, our voting policy follows the Dutch Corporate Governance Codes. We also use the recommendations from this code when assessing the agenda items for which voting rights are applied. Outside the Netherlands we use the code of the ICGN (Global Corporate Governance Principles) and the local Corporate Governance Codes as a guideline. The voting policy, which details how Achmea votes on topics such as director appointments, capital structure and remuneration policy, can be found here.

COLOPHON

Colophon and contact information

This is the English-language version of the Achmea annual report for 2021. A Dutch-language version of this report is also available. In the event of a conflict between the two versions, the Dutch-language version will take precedence. The annual report can be downloaded from the Achmea website (www.achmea.nl).

Integrated reporting will continue to evolve, and we expect to implement further improvements in the future in terms of our reporting. We would appreciate hearing your feedback on ways in which we might be able to improve our approach. You can find our address details below.

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