



ANNUAL REVIEW 2019

achmea 

CONTENTS

PART 1



Part 1 is the 'Annual Review'. This is aimed at a broader target audience, such as customers, employees, students and interest groups. This part describes our strategy, the progress made in 2019 and our vision of the future. The external auditor has reviewed the sustainability information included in this part on pages 3 to 58. The assurance report containing the auditor's opinion can be found on pages 208 to 210 of part 2.

PART 2



Part 2 is the 'Year Report'. This describes the main financial developments. It contains the Executive Board's report (the 'Annual Review', which is part of the Executive Board's report, is included in part 1), the financial statements and the Supervisory Board report, as well as a report on our Governance and risk management. The external auditor has audited the 2019 (consolidated) financial statements: these are included on pages 53 to 189 of the Year Report. The auditor's report can be found on pages 194 to 207 of part 2 (other information).

PART 3



Part 3, comprising the 'Supplements', contains detailed sustainability reporting information and appendices to the other parts. The external auditor has reviewed the following Supplements relating to the Annual Review: supplement A (GRI index), supplement C (Other employee information) and supplement D (Other sustainability information). The assurance report containing the auditor's opinion can be found on pages 208 to 210 of part 2.

PART 1

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A word from our Chairman



Our original values coupled with today's technology

As an insurer with a cooperative identity, Achmea works to create a healthy, safe and future-proof society. With our brands, we put that strategy into practice and try to make a difference to the lives of our customers. This is how we respond to the changing needs of our customers as well as to changes in society. In addition to insurance contracts and preventive advice, we add more innovative services and constantly adjust how we work. We are investing in innovation and renewal in order to be able to serve our customers better and to streamline our processes. As a company with a history going back over two hundred years, our cooperative identity continues to shape the way we look at the world: our original values coupled with today's technology.

'Delivering Together' completed

We completed the 'Delivering Together' strategic planning period in 2019. We worked - as much as possible together with our customers - on creating trend-setting and relevant

products and services. With mobile and online services, we have continued to digitise our business operations at full speed. We are investing in websites, portals, apps and other ways of serving our customers. Contacts via whatsapp, video calls, and reporting claims via mobile phones have been options for many years and our people are working hard to ensure ongoing improvements in our customers' experiences. The key words here are even greater convenience and accessibility. We also want to serve our customers where and when is convenient to them. Directly, via brokers and through Interpolis via Rabobank.

Of course the underlying processes also need to be in order. In an age of digitisation and innovative use of data, a stable and modern IT infrastructure is of great value. With as many direct IT processes as possible, we want to provide our customers with the best possible service. In this respect our digital and online insurer InShared is an illustrative example. We can look back at a three-year period in which we have achieved a great deal. That's something to be proud of.

Our main gauge for our success is of course the above average ratings awarded to us by our customers. The ratings from our retail customers for property & casualty insurance increased further last year, as demonstrated by sector surveys. The services of Centraal Beheer, Interpolis and FBTO are appreciated. This is also the case for our health insurances. Our health insurance brands Zilveren Kruis and De Friesland joined forces last year to cut expenses, while at the same time managing to maintain customer ratings at the same level. Finally, our commercial customers also express their satisfaction at our services, as can be seen from the pension funds that we were able to welcome as new clients in 2019. These are fine performances.

Tangible impact of 'Delivering Together'

The past planning period saw the launch of many new services and products. Our largest shareholder, Vereniging Achmea, represented the collective interests of our customer members during this process. Vereniging Achmea supports us in conducting dialogue on social themes. Input from Vereniging Achmea and its members is of huge importance here. Our partnership with Vereniging Achmea therefore determines our cooperative identity as an insurer. This enables us to provide value in many areas.

The alliance with strategic partner Rabobank (as a distribution partner and shareholder) was further strengthened during the 'Delivering Together' planning period. As two companies with cooperative identities, Rabobank and Achmea view the world in a similar way. This also applies to the role we wish to play both in society and in the lives of our customers. It is no coincidence that the planning period was called 'Delivering Together'. We are an active part of our customers' lives when it comes to mobility, living, health, business and financial solutions for now, tomorrow and later.

Social mission

One telling example is the AutoModus initiative by Interpolis. Increased distraction when driving - especially due to using a mobile phone - are the root cause of this unsafe traffic situation. Via the AutoModus app, Interpolis makes drivers aware of the perils and offers them an innovative solution for not using their mobiles at the wheel. This app has a proven effect on reducing smartphone use behind the wheel, and policyholders who drive in AutoModus receive a discount on their car insurance. Moreover, for every one hundred kilometres driven, one euro is spent on initiatives to improve road safety. Even more recent is the launch of PhoNo, which points out the hazards of using mobiles in traffic to younger cyclists.

These initiatives match our ambition to, as a company with a cooperative identity, do more for our customers and for society.

As part of Achmea's social strategy, Centraal Beheer launched many innovative and relevant products and services during the 'Delivering Together' planning period as well. These are also services that are an extension of our insurance business. In addition to the launch of the 'RoadGuard' road side assistance service that requires no subscription, examples include services such as 'KlusHulp', helping customers to find assistance with jobs, and 'Duurzaam Woongemak', helping customers to make their homes more sustainable. Centraal Beheer also introduced the 'Ondernemerswinkel' concept. Businesses can turn to this webshop for advice and solutions for legal assistance, IT, debt collection and sustainability.

Health insurer Zilveren Kruis puts its own individual stamp on our mission. Good healthcare needs to be - and remain - accessible and affordable for everyone in the Netherlands. Rising medical expenses make this a huge challenge for the future. Our partnerships with hospitals mean that we can make healthcare more accessible and bring it closer to people's homes. For instance, in the Apeldoorn and Zutphen regions we drew up a step-by-step plan for administering chemotherapy at home in addition to chemotherapy sessions via an infusion pump. Such initiatives always involve substances that can safely be administered at home. The aim is to bring healthcare into the home wherever possible.

In addition to health and safety, we are also active in 'future-proof incomes for now, tomorrow and later'. The tenability and affordability of a sound pension are no longer a matter of course and the subject of great debate these days. Via our retirement services pension strategy and in collaboration

with the Centraal Beheer General Pension Fund (Centraal Beheer Algemeen Pensioenfonds), we provide future-proof and modern pension accrual solutions, including asset management and banking products such as mortgages. These examples illustrate how we as Achmea want to be trendsetting for our customers. Our asset management and pension fund services have grown fast over the past year. Achmea Investment Management has extensive in-house knowledge and experience that can help them to make their investment policy more sustainable; a frequently expressed desire among pension scheme members. The fact that we were able to welcome Pensioenfonds Vervoer as a client is just one example of how we are further consolidating our position in fiduciary asset management. Achmea provides pension services, banking products and capital accrual solutions that are part of and based on the vision of a financially future-proof retirement. We offer a full package of fiduciary services, selection of external asset managers and administration, by which we prove that we want to be an expert, committed and solution-oriented.

Climate change affects our customers

The climate is changing. The effects are perceptible and visible: long-lasting droughts, heavy rain and other extreme weather. These weather conditions affect our customers and the insurance risks. Sustainability fits in with our focus on long-term value creation and our cooperative identity. We contribute to reducing the impact of climate change in three different ways. First we examine the products and services we provide for our customers. For example, via 'Groene Daken' (green roofs) Interpolis offers sedum plants in order to create a buffer in the event of heavy rain, while Centraal Beheer offers customers products such as solar panels. Our innovative joint venture BlueLabel shows customers, down to their house number, how climate-proof their homes are. BlueLabel

provides insight into aspects such as flood risk and heat stress, enabling customers to implement measures in good time.

Secondly, we are of course also working on making our own business operations more sustainable. We signed up to the Climate Agreement and aim to achieve full climate neutrality in 2030. One of the initiatives for accomplishing this is the placement of over three thousand solar panels on our office building in Apeldoorn, while we are also exploring the options for geothermal heating in Leeuwarden.

Finally, as a major institutional investor we can also identify opportunities for combating climate change. We have conducted engagement with the companies in which we invest for many years, actively challenging them to make their production processes greener. Moreover, last year we announced that we would no longer invest in companies that mainly operate in coal and oil processing industries, because such investments are no longer appropriate for our company. This is how we try to use our influence to effect change in production processes, working methods and working conditions. In our capacity as a major investor, we also contribute in this way to a healthy, safe and future-proof society.

Strengthened financial basis

A sound financial basis is essential to being able to serve our customers successfully. As well as to being able to invest in innovation and change. We have achieved our ambitions in this respect during the 'Delivering Together' programme. We closed the year with an operational result of €547 million euros and net result of €481 million euros.

In the past planning period, the operational result grew each year and we made over two hundred million euros' worth

of savings on expenses. Our combined ratio (COR) for the Dutch Property & Casualty business is 95%. Our solvency ratio before foreseeable dividends and coupons on hybrid capital has increased to 219% and after deduction of these items to 214%. Standard & Poor's has upgraded its rating outlook to 'stable'. These are all signs that we have taken the right steps towards earning a sustainable and responsible return - in the interest of our customers.

We combine our sound financial basis with five distinguishing characteristics. Our brands are well rated, we are active in growing and valued distribution channels, we have a very large client base, for which we are market leaders in health and property & casualty insurance, and we are active in mobile and online services. Finally, we are a well-known asset manager. All this gives us a strong position in the markets in which we operate, enabling us to serve our customers and society to the best of our ability.

Social responsibility as an employer

Our commitment to society is also demonstrated via our employment practices. We assume responsibility against a background of a growing percentage of residents in the Netherlands facing high workloads and a tighter job market. In order to give young parents a better start with their families, we are extending paid parental leave for partners to four weeks as of 2019. Furthermore, we have agreed a Collective Labour Agreement in which the standard number of working hours has been reduced to 34 a week as of 2021. In this way we offer our colleagues the opportunity to create a better work-life balance. At the start of last year we announced that we would scrap our annual appraisal cycle. From now on, our colleagues will agree their own targets on work, results and personal development. The idea is to examine employees' talents and performance

more frequently and more actively - instead of doing so just once a year. In the meanwhile, all our offices throughout the Netherlands are of course no smoking zones. Achmea encourages a healthy society and working environment, and smoking has no place in these. Incidentally, this recent step is also linked to our decision - years ago - not to invest in tobacco manufacturers.

The Sum of Us

In the new strategic planning period we will focus even more on our role in society and the responsibility we bear. Sustainability is embedded in our strategy. Our focus on three Sustainable Development Goals (SDGs) will assist us in this. We aim to put our combined forces, the power of the Achmea segments and brands, to further use by working together with partners inside and outside our company. Protecting our customers from existing or new risks and offering new services for prevention, better health and improved safety are ongoing goals for the future as well. We want to continue investing in our position in society, in new business models, in revenue growth and in efficiency. Our ambitions mean that it will remain important to keep a close eye on expenses.

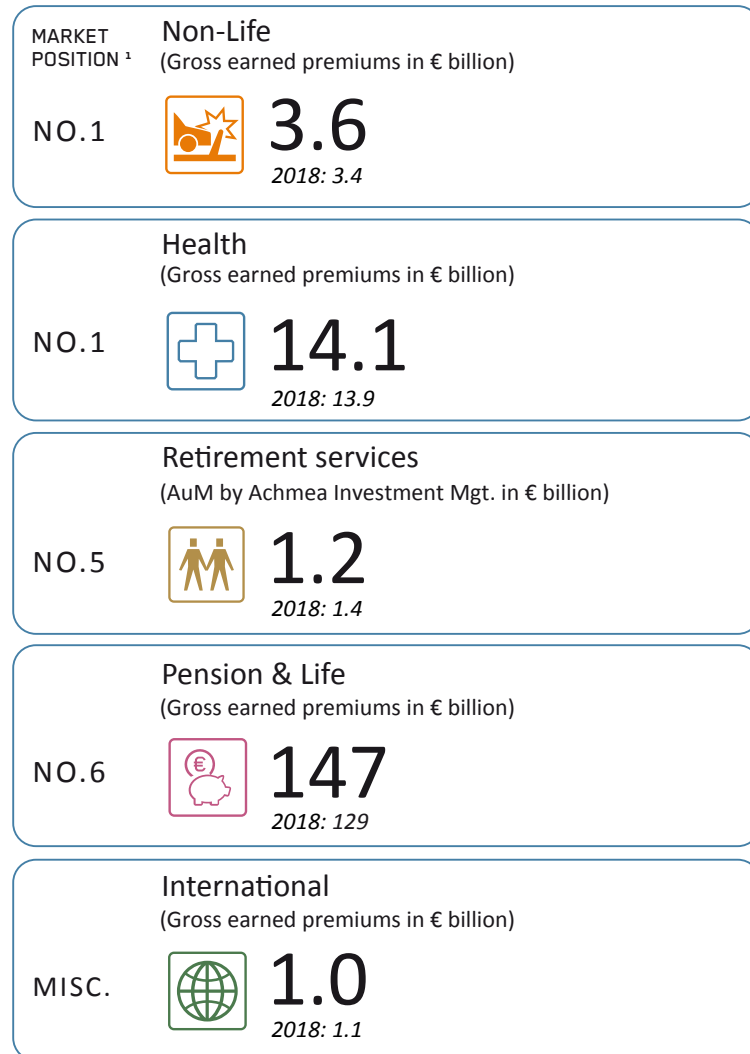
The evolution that Achmea is undergoing is only possible thanks to the faith of our customers. And the day-to-day efforts of all our colleagues and employee participation. I would like to give them a heartfelt compliment for these efforts. Our company was born out of solidarity and the belief that together we can achieve more. We still view the world in the same way today. At Achmea, we change and innovate on the basis of our cooperative philosophy. We can be proud of the fact that this company has made a meaningful contribution to society for the past two hundred years.

Our commissioner Roelof Joosten passed away on 2 March 2020 after a short period of illness. He was a member of the Supervisory Board since April 2019. We will greatly miss his great managerial experience and enthusiasm and commitment.

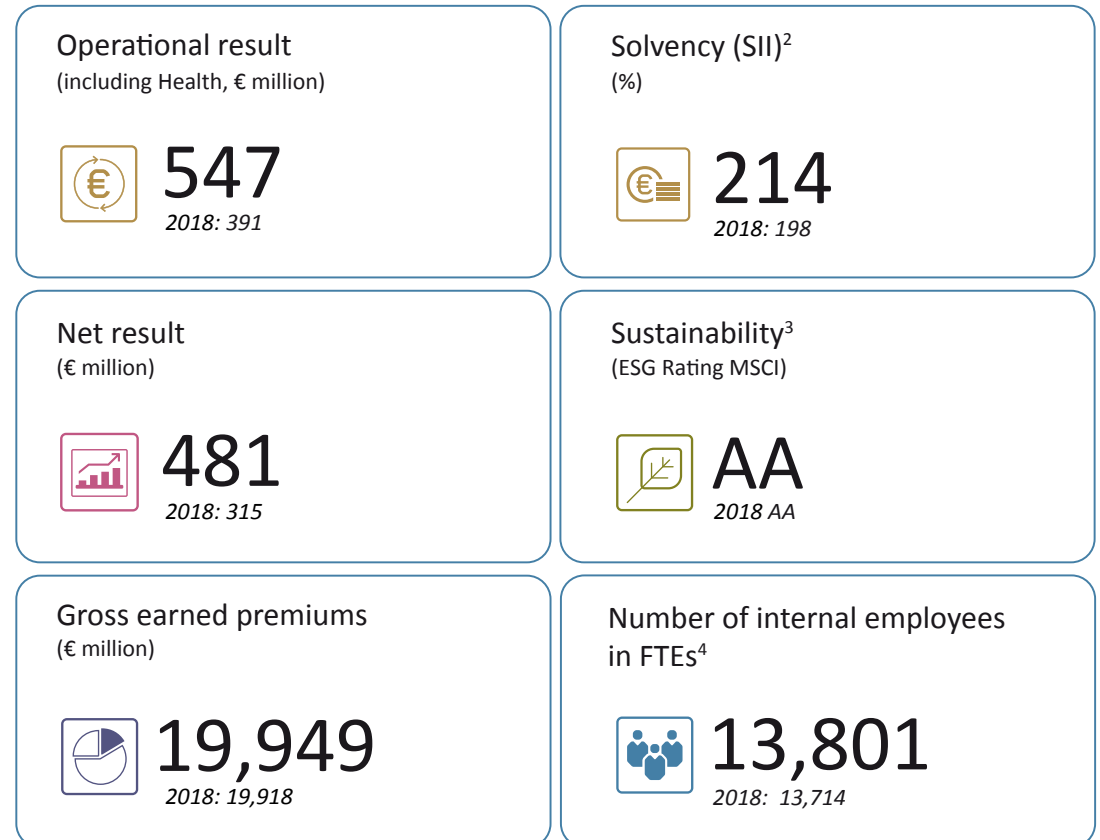
Willem van Duin
Chairman of the Executive Board

Achmea at a glance

Core activities



Group key figures



- 1) Insurance activities according to earned premiums and Retirement Services to assets under management.
- 2) The solvency ratio before foreseeable dividends and coupons on hybrid capital is 219% (31 December 2018: 203%).
- 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) The number of employees with a contract of employment for a fixed or indefinite period based on a 36-hour working week. The number of all employees (thus including both with or without contract of employment) based on a 36-hour working week was 16,391 as at the end of 2019 (2018: 16,636 fte).

Our brands

Achmea operates on the Dutch insurance market via different brands. Our three 'biggest brands' are Zilveren Kruis, Centraal Beheer and Interpolis. These brands are aimed at all sections of Dutch society. Other Achmea brands focus on specific groups or offer their insurance contracts, banking products or services through a specific distribution channel.

DUTCH BRANDS



Zilveren Kruis is the largest health insurance company in the Netherlands and provides customers with advice and assistance when paying for and organising healthcare and leading a fitter and healthier lifestyle.



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



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



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



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



Pro-Life Zorgverzekeringen operates on the basis of Christian principles and offers customers insurance that matches their Christian identity.



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



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.



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



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



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



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



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.

INTERNATIONALE MERKEN



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



Interamerican Greece is the second-largest insurance company in Greece, providing non-life, health and life insurance products.



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



Achmea Australia has been operating on the local market since 2012 and sells insurance products mainly to customers of Rabobank in Australia.



Onlia commenced operations in Canada in 2018 and provides online car and property insurance.

2019 in brief

JANUARY

Modern employment practices

Achmea aims to be a trendsetting and innovative employer. In January, we introduced our new method for employee appraisal and remuneration: Talent, Development and Performance (TOP). As part of this initiative, annual appraisals have been scrapped. In December 2019, a new two-year Collective Labour Agreement was agreed that enters into force in 2021. One aspect of this agreement is a standard 34-hour working week. This is our contribution to solutions to social challenges relating to work, work-life balance and long-term employability.

MARCH

Achmea arranges a sustainability-linked credit facility

Achmea has successfully arranged a sustainability-linked credit facility. The facility contains €1 billion, has a five-year term and includes options for two one-year extensions. Achmea is the first Dutch insurer with a credit facility linked to sustainability goals.

OCTOBER

Excellence Road Safety Award

Interpolis is working to improve road safety with its AutoModus app. This is one of the ways we are contributing to a healthy, safe and future-proof society. Other initiatives, such as FBTO's driving style insurance and the Sense safe driving app of our Canadian joint venture Onlia, are also aligned with this goal. The European Commission has presented Interpolis with the Excellence Road Safety Award. Each year the Commission rewards the best initiatives aimed at improving road safety in Europe.

NOVEMBER

Socially-Responsible Investment

Achmea believes sustainable investment to be important. As an illustration of this conviction, in July we announced that we would no longer invest in companies that derive more than 30% of their revenue from coal, or oil extraction from tar sands. In October, Syntrus Achmea's Dutch Health Care Property Fund was named the most sustainable in the world according to the GRESB benchmark¹. And in November Achmea was awarded a high place in the VBDO's² rankings.

NOVEMBER

Climate neutrality in 2030: solar panels and geothermal heating

Achmea aims to have completely climate-neutral operations in 2030. We are working together with other parties, e.g. in local and national networks, within an ambitious sustainability plan. In Leeuwarden, Achmea is the first major customer to opt for sustainable geothermal heat. Above the Apeldoorn office's parking spaces, 3,200 solar panels are installed.

MARCH

Achmea joins Mobility as a Service

Achmea is the first Dutch insurer to join international alliance Mobility as a Service. Instead of investing in modes of transport, this mobility concept allows consumers to purchase mobility. Other partners include the Dutch Ministry of Infrastructure and Water Management and Siemens. This is aligned with our goal of contributing to smart, clean and safe mobility.

APRIL

Pensioenfonds Vervoer selects Achmea IM

Pensioenfonds Vervoer's move to Achmea Investment Management attests to our position as an important asset manager. Achmea provides pension services, banking products and asset accumulation solutions that are part of and based on the vision of a financially future-proof retirement. Pensioenfonds Vervoer has over 670,000 members and as at the end of the first quarter of 2019 assets held under management of about €28 billion.

APRIL

S&P upgrades outlook for Achmea

US rating agency Standard & Poor's (S&P) upgraded its outlook for Achmea to 'stable'. The overall credit rating for the insurance entities remains at 'A'. Our sound rating enables us to raise capital at favourable terms and conditions. These low financing expenses in turn help us to offer our customers insurance products at competitive prices. Later in the year, Achmea also won the 'Insurance Bond Deal of the Year Award' for a dual-tranche issuance of notes worth a total of €750 million.

OCTOBER

Launch of Achmea Innovation Fund

Achmea announced the launch of the Achmea Innovation Fund in August. From October 2019, this fund will be able to issue growth capital to promising (tech) companies that operate in Achmea's strategic domains: health, mobility, business, residential and financial solutions for now, tomorrow and later. In time, the fund will grow towards the €100 million.

DECEMBER

Achmea acquires a.s.r. banking operations

Achmea Bank completes the previously announced acquisition of the banking operations of a.s.r. in December 2019. The acquisition involves a savings portfolio of approximately €1.7 billion and approximately 125,000 customers as well as a €1.5 billion mortgage portfolio. Customers with a.s.r. bank savings products will be served by Centraal Beheer from now on.

1) Benchmark for use of ESG criteria in real estate

2) The Dutch Association of Investors for Sustainable Development

Our mission

Building on our cooperative tradition that dates back over two hundred years, we aim to create value for our customers and for society in a modern and relevant way. Our corporate history stretches all the way back to 1811. In the Frisian village of Achlum, the biggest risk that farmers faced was their farms being destroyed by fire caused by spontaneous heat generation in haystacks. The foundation of a mutual insurance society meant that they shared the risk of overheated hay, but they also tried to prevent it. In doing so, the farmers helped each other and their communities to build a sustainable future. This is the social responsibility and solidarity on which Achmea is founded. To this day, two hundred years on, these principles remain anchored in our mission: together we are working to create a healthy, safe and future-proof society.

Relevant to customers and trendsetting

Our products and services have an important social function. The world around us is changing fast and our customers are facing new uncertainties. We respond to this by providing modern products and services with a social impact. Innovation and the smart use of data play a major role here. We aim to be relevant and trendsetting to our customers and to society.

Our cooperative identity

Over 60% of our shares are in the hands of Vereniging Achmea. Over 25% are owned by the cooperative Rabobank. The remainder is held by similarly-minded, cooperative financial institutions throughout Europe. This means that our cooperative identity is guaranteed right down to our shareholders. Together with Vereniging Achmea, which represents the collective interests of all Achmea customers, we are building further on an inspiring complementary range of cooperative features, values and communications that will also prove their worth over the next few years. Expertise is

an important basis here. This is why we are investing in the personal development of our employees and in improving our services.

Healthy, Safe and Future-proof society

Our products and services provide solutions to risks for individuals and for the society as a whole. Our mission is to contribute to a healthy, safe and future-proof society. To this end, we have defined five strategic focus areas in which we aim to have a positive impact for our stakeholders. These focus areas are:

- Good health closer to everyone
- Clean, safe and smart mobility
- Safe and sustainable home and living environments
- Carefree enterprise and good employment practices
- Financial solutions for now, tomorrow and later

These were selected based partly on insights derived from the dialogue we conduct with our stakeholders and on our extensive environmental analysis.

Sustainable Development Goals

Achmea wants to contribute to 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 SDGs in which we wish to excel: SDG 3 (Good health and well-being), SDG 11 (Sustainable cities and communities) and SDG 13 (Climate action) are the most closely aligned to the trends and risks facing our customers and society. These are therefore a logical match for our five strategic focus areas. These SDGs are close to the core of our company and our cooperative identity. They can encourage innovation and growth.

Climate change

We see climate change as a key sustainability theme

containing major social, economic and financial challenges. It also touches on all three focus SDGs. The effects of climate change - especially extreme weather - are visible all around the world, from extreme wildfires in Australia to enormous hailstones in the Netherlands. It is essential to restrict the increase in global temperatures to 1.5-2 °C in order to avoid us facing risks before the end of this century that are difficult to control. Contributing to a healthy, safe and future-proof society also means that we want to assume responsibility in all our roles for achieving global climate goals. As an insurer and service provider, we wish to contribute to resilience to the risks posed by climate change as well as to support the energy transition. As an investor, we choose to reduce our carbon footprint and in our own business operations we are seeking to achieve climate neutrality in 2030.

Our core values

Our core values – Empathising, Innovating and Delivering – are an important foundation for the way we work. Everything we do revolves around our customers. This is why it is essential to know what matters to our customers and what our customers and society need. Achmea gives substance to this by involving customers and partners in developing appropriate insurance contracts and services (co-creation). We aim to create an even more customer-driven organisation that communicates using methods customers want and at a time that is convenient to them. This means that we are constantly adjusting and renewing our processes. Living up to our promise to our customers is crucial: our customers need to be able to rely on us being here when they need us.



Avéro Achmea: CyberZeker

In recent years, SMEs have had a lot of processes digitised. This brings opportunities with it, but also risks. For example DDoS attacks, phishing emails, accidental data leaks by employees and other cyber risks.

Ronald Blom Cyber Certainly expert:

We stand ready, together with our cybersecurity partners, to help our customers mitigate the risks with excellent solutions. Did something go wrong anyway? Then you can rely on our Cyber insurance.



Context & Strategy

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Our context

We operate in an environment in which new technologies, demographic trends, and economic and political changes are creating new risks and opportunities. In this section, we outline our vision of the context in which we operate. Which trends and developments affect Achmea and what do our stakeholders believe to be important?

External trends

As a basis for our strategy, we have examined the changes that are going on around us. Changes that are already ongoing, changes that we predict, and changes that could potentially occur and that affect existing operations or enable us to create new activities. We see domains undergoing gradual change, such as demographics (the ageing population, the number of households and heterogeneity), due care towards customers and the world around us, changing solidarity, personal space and individual responsibility. We can also identify domains that could lead to more sudden change, such as the economy and politics, laws and legislation, technology, and connectivity. The forecasted trends have been translated into the potential impact these could have (jointly) on our current and future operations.

On the demand side: insurable risks

We are seeing changes in risk profiles with respect to demand. Risk of use is declining and we are gaining ever-greater insight into health risks. New risks are present in areas such as cybersecurity, health, climate, the energy transition, the sharing economy and (corporate) liability. We also examine (potential) changes to the pension and healthcare systems. At the same time, customers' expectations are growing, partly as a result of their experiences in other sectors. We are seeing a shift in the extent to which people are willing to bear each other's risks when they view them as 'avoidable'. For example, by



adjusting behaviour behind the wheel or lifestyle, or by monitoring security in the home or workplace, or health.

On the supply side: propositions

In terms of supply, we anticipate further consolidation in sections of the Dutch market as well as new entrants. New entrants might be existing players that are expanding their playing fields (possibly including big techs), but also insurtechs that focus on specific propositions or sections of the value chain. This could blur market boundaries for the insurance business. We are also seeing new supply models, such as insurance contracts for a limited period or with a restricted

scope (single spot), insurance contracts that are sold as part of a product (embedded insurance), and the combination of services and insurance contracts. In the long term, we expect to see more composite propositions containing a service component or a (sometimes barely recognisable) insurance component. Examples include concepts such as mobility-as-a-service and vitality services. It is uncertain which business models will dominate the market in the long term. This requires constant adjustment to the prevailing market environment, partnering with parties at the forefront of trends, and trial and error when it comes to developing propositions.

Customer relations: interaction

In our interaction with customers we are seeing that customers more and more determine how they want to interact with the insurer. Customers expect personified interaction based on customer data (customer, transaction and increasingly also behavioural data) via all possible digital media. We expect (digital) platforms and in the long run speech technology and personal digital assistants to become commonplace. The speed at which this will occur is uncertain and will (partly) be determined by the choices made by tech firms and by framing on social media. We also anticipate a changing role for brokers, focusing more on high-quality advice and added value for complex customer queries.

Business model: technology, role and other

The insurance business's model is also changing due to

the persistently low interest rates and the use of new technology. Much of the underlying technology for new interaction models (e.g. distribution platforms) is already operational. It is not market standards that are holding this back. These new technologies enable regular interaction with customers without significantly increasing expenses and are becoming available at a rapid rate. Examples of relatively new technology include smart machines, machine learning, the Internet of Things (IoT), the blockchain and augmented reality. We anticipate that the first three in particular will find their way into our sector over the next few years. Due care of (customer) data is crucial here.

The chart below briefly summarises where we expect these (and other) external trends to have the most impact on our operations.

OUR CHALLENGES

The combination of these trends will generate a number of challenges, some new, that we will need to take into account.

Role in society

New propositions and a non-conformist social role and positioning will make all the difference. Customers and other stakeholders want to know how we deal with new risks, but also what contribution we make to solving social and societal issues. This might be via insurance or via new solutions. Actively positioning Achmea and its brands within this is a challenge. We have discussed this with our stakeholders (please see the section 'In dialogue with our stakeholders').

Supply and interaction models

We are preparing ourselves for a changing product range of insurance and services and new forms of interaction with our customers. This first manifested itself in the property & casualty business for retail customers, but is now also a broader trend. Market acceptance of new supply models will not happen overnight. Yet things can move fast in the wake of an initial successful market launch and can cause existing supply models to be forced out. This requires us to make choices and invest before market share has been meted out. New forms of interaction with customers demand an even longer lead time, during which parties need to invest huge amounts without even having a short-term revenue model. Early positioning and partnering can be the key to success here as well. This is where Achmea's greatest challenges lie.

Technology and data

Customers also expect financial service providers to use new technologies and data effectively. If these are used judiciously, this yields opportunities for creating added value for customers and for consolidating our position. This

MAIN EXTERNAL TRENDS**ON THE DEMAND SIDE: INSURABLE RISKS**

1. Shift in the extent to which people are willing to bear each other's risks (resulting from changes in technology, behaviour and solidarity)
2. New and emerging risks, such as cyber and climate

CUSTOMER RELATIONS: INTERACTION

5. More and other models for sale and interaction regarding insurances
6. Specifically: (distribution) platforms, partnering and ecosystems

ON THE SUPPLY SIDE: PROPOSITIONS

3. More and other supply models and new entrants
4. Specific: services (separately and as part of a composite proposition)

BUSINESS MODEL: TECHNOLOGY, ROLE AND OTHER

7. Use of promising technologies and exponential data use
8. Role in society and positioning to choose
9. Persistently low interest rates

enables us to provide added value of a completely different order than simply by repackaging existing propositions. Moreover, smart use of data and technology can structurally improve our modus operandi and make it more efficient. To achieve this we need to become better at unlocking internal and external data. Furthermore, we need to safeguard this access for the future, as well as improve skills for converting data into value for customers. This also gives rise to questions on the limits to the use of technology and in particular customer data. Transparency and due care in their use are an essential precondition for acceptance by customers.

Low interest rates

The current low interest rates and the probability that rates will remain low in the coming period have a huge impact direct and indirect on our customers and on our solvency and on our opportunities for free capital generation. This could restrict our options for investing in new business models.

Balanced investment

All these challenges combined mean that we have to invest in our future business model in order to move in step with the changes in the market and with other companies within and especially outside the sector. This is on top of all the necessary investments arising from changing laws and legislation, (potential) changes to the Dutch pension and healthcare systems and the long-running need for digitisation. It is important to maintain results at the current level in order to create enough capacity for future investment.

In dialogue with our stakeholders

We maintain structural and frequent contacts with many different stakeholders: our customers, employees, business partners, shareholders, capital providers, 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 regular contacts via customer councils, customer panels, policyholder councils, Vereniging Achmea and we organise roundtables and do online surveys.

Each year, Achmea's directors conduct wide-ranging stakeholder meetings during a 24-hour Directors' Council. Utrecht hosted these meetings in 2019, at which we talked to corporate customers, two healthcare institutions, an environmental organisation, representatives of the European innovation programme Climate Kic and our shareholder/distribution partner.

In May 2019, we organised a climate conference at which discussions were held with relevant stakeholders on climate themes that are relevant to Achmea, such as the impact on health of climate change, limiting the CO₂ footprint of investments and how to safeguard against the effects of climate change.

Achmea's options for action on social themes were explored with Vereniging Achmea. This was done within theme-based working groups, in which members of Vereniging Achmea and Achmea employees work together. Working groups looked at the themes of 'work & income', 'carefree retirement', 'quality of public life', 'big data & privacy', 'climate' and 'healthcare & health'. The recommendations of these working groups were discussed in the Executive Board.

Employees are 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

VERENIGING ACHMEA REINFORCES THE COOPERATIVE BASIS ON WHICH ACHMEA IS FOUNDED

Vereniging Achmea is the association for all our customers and our largest shareholder. It represents the shared interests of Achmea's customers. All customers of Achmea are also customer members of Vereniging Achmea.

Vereniging Achmea is a not-for-profit association and has two goals, derived from its articles of association:

- To represent the shared interests of its customer members
- To ensure continuity of Achmea as a company

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 as a company 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 identity as an insurer with a cooperative identity. Cooperative values, such as solidarity, cooperation, having a say and the influence of customer members, continue to apply in full.

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 via Achmea Corporate Relations and in bilateral business meetings. We discuss social issues with our corporate customers and academics via the Achmea 'De Kamer' initiative. Contacts with our shareholders, including Vereniging Achmea and Rabobank, are embedded in our formal governance process.

We talk to our external capital providers via events such as meetings with analysts.

WHAT DO OUR STAKEHOLDERS BELIEVE TO BE IMPORTANT?

The abovementioned stakeholder contacts tell us which themes our stakeholders believe to be most important to Achmea. We have summarised these in thirteen material topics. A consistent picture is emerging from the stakeholder consultations over the past few years and from the online surveys we conducted in 2018 and early 2019 among a large group of stakeholders from different sections of society. Our stakeholders expect us to champion sustainability and believe it is very important that our company makes socially-relevant choices as an insurer, investor and employer.

In keeping with this, the importance that Achmea allocates to the material topics has been amended slightly compared to 2018. The adjustment relates to the material topics of responsible investment, sustainable products and services, climate change and employment practices. These topics have been assigned greater importance in our strategic choices. This is reflected in the materiality matrix.

The materiality matrix on this page shows how our stakeholders (Y axis) and Achmea (X axis) assess the importance of the thirteen topics to Achmea. The individual topics are explained in more detail below.

In the ‘Our objectives & results’ section we list examples of how we deal with these material topics. How we translate these topics into the new strategic period is outlined in the section entitled ‘Our strategy’.

Responsible investment

Achmea invests premiums in the interest of its customers. Responsible investment means that we earn a sound return, while also taking into account the sustainability of the (corporate) activities in which we invest. Sustainability aspects play a role in the selection of investments and in the impact we achieve via them. Our stakeholders expect us to invest with respect for people, animals and the living

environment. Benchmarks such as the Ethical Insurance Guide test our policies and their practical implementation and in doing so influence Achmea’s reputation. We give substance to sustainability criteria by voting at shareholder meetings, entering into dialogue on corporate policies and excluding companies or sectors. We also invest in companies and funds that aim to have a sustainable social impact, such as green funds. More detailed information can be found on pages [37-42](#).

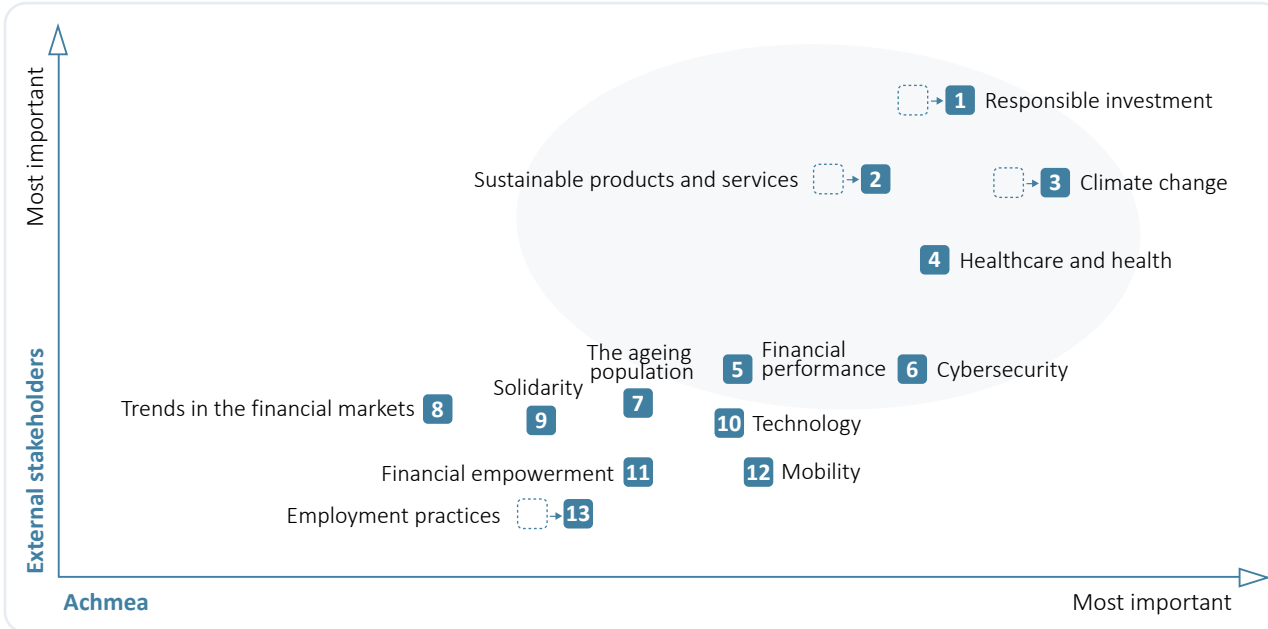
Climate change

Climate change affects us as an insurer in different ways. We are seeing an increase in claims caused by extreme weather. New services aimed at prevention help to preserve the insurability of our customers. We also wish to support our customers by providing (financial) services for making society more sustainable. In the long term, investments in sectors comprising fossil fuels will become riskier. As an investor, we can help to finance the energy transition. We aim to reduce the CO₂ emissions generated by our company offices. Achmea is contributing to the implementation of the Climate Agreement. Please see pages [38-43](#) for more information on how we do so.

Sustainable products and services

Our mission is to contribute to a healthy, safe and future-proof society. As an insurer we are mainly able to do so by providing solutions for the existing and new risks confronting our customers and society. Prevention plays an important role here. Trends in cybersecurity, mobility, the circular economy, climate change, social security, accommodation and care, retirement services, healthcare, and health affect all our chains and customer groups. This requires us to create new and sustainable products and services that give substance to our mission. Examples of how Achmea

MATERIALITY MATRIX



contributes to a healthy, safe and future-proof society can be found section 'How we create value for our customers'.

Healthcare and health

The Dutch healthcare system is among the best in the world, whereby the public sector decides what is covered. Within this playing field, it is up to health insurers to improve the effectiveness of that cover and keep expenses down as much as possible. Future access to and the affordability of healthcare in the Netherlands is under pressure from rising medical expenses. This is a fundamental political and social issue. Several trends are playing a significant role here, such as the ageing population and an unhealthy lifestyle. The impact of expensive, new medicines and other medical innovations can lead to a higher average cost of treatment. Promotion of a healthy lifestyle and control of the price of medicines and healthcare are crucial to maintaining accessible and high-quality healthcare. Our health procurement is designed to provide good and affordable healthcare. We also invest in initiatives that promote a healthy lifestyle, improve the quality of life of (chronically ill) patients and literally bring healthcare closer to everyone. Achmea works to ensure that healthcare is accessible for all. Please see pages [31-32](#) and [34-35](#).

Financial performance

Financial performance is important to the continuity of our company. This demands we strike a balance between administrative costs, profits and solvency on the one hand and premium levels on the other. Achmea aims to earn a responsible financial return. Please see section '[How we create financial value](#)'.

Cybersecurity

The protection of customer data against theft, data leaks and IT failures is essential to customer confidence in Achmea.

Our customers can become the victims of cybercrime. Achmea can suffer material loss as a result of the loss of data and an interruption of operations. Customers also face digital risks in their own systems. Achmea recognises the importance of cybersecurity and works constantly to improve the security of its IT environment. Systems and procedures are adapted where necessary in order to protect our customers' details. We are investing in education with a view to improving the level of knowledge about data. Please see pages [46](#) and section '[How we create value via our processes](#)'. Achmea also provides customers with solutions relating to cybersecurity. Please see page [33](#) and [37](#).

The ageing population

The ageing population affects Achmea in its capacity as a pension provider and health insurer. We offer future-proof pension provisions together with Achmea Pensioen Services, Achmea Investment Management and the Centraal Beheer Algemeen Pensioen Fonds (APF). Please see pages [29-31](#) and [49](#). In its capacity as a health insurer, Zilveren Kruis devotes a great deal of attention to promoting vitality and, in conjunction with employers, prevention, with a view to helping people age as healthily as possible. It also supports initiatives for providing healthcare services in the home. Please see pages [31-32](#) and [34-35](#).

Trends on the financial markets

Trends on the financial markets affect investment results and our solvency level. Interest rates that remain low for a long period lead to low investment results. Interest rates that continue to fall can ultimately pose a threat to our solvency as a company. Uncertainty on the financial markets can have an adverse effect on confidence in financial institutions. High volatility in interest rates and prices, as well as shocks on the financial markets, can have a negative impact on investment results. Via our Asset & Liability Management (ALM) policy

we match our investments to our commitments and control the risk within internally-set bandwidths. More on this can be found in part 2, Consolidated financial statements, Capital and Risk management.

Solidarity

Solidarity remains an important basis for the risk-sharing on which insurance is based. Excessive individualism can place pressure on solidarity, which could potentially lead to greater inequality in society. Yet new forms of solidarity are also emerging, such as personal insurance funds for the self-employed, energy cooperatives and initiatives that promote the sharing economy. We are seeing risk selection and premium differentiation becoming increasingly important in the market for property and casualty insurance. Greater transparency in the price structure of premiums can lead to people being less inclined to share insurance risks. For Achmea, solidarity forms - and will always form - the foundation of insurance. Please see pages [10](#), [21](#) and [22](#).

Technology

Technological trends are enormously important to our services. They enable our customers to get in touch with us using whichever channel suits them best and at any time of the day or night. Digitisation offers new opportunities for better estimating risks. Customer-centric data can help us to position our propositions more accurately and make our business operations more efficient. Innovation in customer contacts requires a huge amount of investment. We can use data to provide solutions containing reasoned and personalised recommendations in relation to prevention. The protection of privacy and clear communications on the use of big data are essential here. Achmea aims to be a digital insurer with a human dimension. Please see pages [22](#) and section '[How we create value via our processes](#)'.

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. Insight into future earnings and into financial risks and requirements is more important now than ever. Financial education and stopping people getting into debt are also important. Financial empowerment is an important topic for Achmea in its capacity as an income protection insurer and provider of banking and pension products. The reduced role of the public sector and changes to the social and pension systems mean that people need to arrange more for themselves. This particularly applies to those who are self-employed. Achmea encourages financial empowerment. For examples of this, please see pages [29-31](#) and [37](#).

Mobility

The Netherlands faces enormous challenges in relation to mobility. Increasingly frequent traffic jams, (inner) cities becoming gridlocked and overfull trains during the rush hour are just a couple of examples. There are a growing number of traffic accidents, partly due to the use of mobile phones, while at the same time we are witnessing the advent of driverless and electric vehicles. These could provide a fresh boost and opportunities for solving mobility and climate issues. Although these trends could cause the market for car insurance to shrink, new opportunities will also arise for mobility-related services. This is why Achmea aims to play a role in encouraging clean, smart and safe mobility. Examples include clean and smart car-sharing initiatives, such as We Drive Solar, and the Interpolis AutoModus app and WegWijsVR initiative for safe mobility. Please see pages [35](#).

Employment practices

Good employment practices ensure that a company retains the right employees and are important to the power of innovation, but also to customer-relevant and trend-setting services we pursue. Achmea needs very specific competencies and talents and competes on the job market against both large corporations and smaller, innovative businesses and start-ups. That is why it does all it can to be a good and attractive employer. This means investing in e.g. the personal development and education of employees, a safe and healthy workplace, sound terms and conditions of employment. Achmea aims to be an inclusive employer and has therefore drawn up policy on increasing diversity among its employees. Please see pages [44-46](#).



Interpolis: Green roofs (groene daken)

More and more often, a lot of rain falls in a short time. The pressure on sewers and roofs is therefore increasing. And no one wants damage. Interpolis therefore offers smart solutions that reduce damage or help prevent it. A green roof is such a solution. It reduces the chance of water damage.

Interpolis



Our strategy

COMPLETING 'DELIVERING TOGETHER'

We completed the 'Delivering Together' programme in 2019. This was the lead theme in our ambition and strategy for the period 2017-2019. It formed the final stage of a period in which we restructured the company in the wake of the financial crisis in 2008. First, we had the 'House of Initiatives' programme (2011-2013), then 'Acceleration & Innovation' (2014-2016) and finally 'Delivering Together' (2017-2019). These three strategic periods were shaped by the framework of consolidating our position in order to be able to respond to changes in the market and the economy.

We have accomplished a great deal in the past three years with 'Delivering Together'. We have invested in innovations based on the use of technology and data, and in the digitisation of our operating processes and customer interaction. Partly as a result of this, we now see ourselves as a frontrunner in digitisation and innovation in the sector. Our operational result has improved thanks to measures relating to expenses, claims, premiums and investments, while volatility has been reduced and we have unlocked capital via balance sheet management. We have acquired new customers for Retirement Services, completed the acquisition of banking activities from a.s.r. and conducted a market launch in Canada. In addition, we have sold our Irish company and Independer and phased out our activities for sectoral pension funds. At the same time, we have introduced a greater focus on our customers for example by measuring customer centricity for a wider range of topics and by adjusting our modus operandi accordingly, even more than the supervisory authority stipulates. On top of this, we have incorporated changes arising from new laws and legislation, such as MiFID II, improved IT security and reorganised part of our company. Operating expenses have decreased by €250 million in the period 2017-2019.

The number of FTEs has fallen by 1,800 in the same period thanks to greater efficiency, the phasing out of the service book and portfolio measures. The reduction in FTEs was smaller in 2019, partly due to strategic investment in growth and projects that are essential to keeping our operations in line with the changing laws and legislation and market conditions. In the period 2017-2019, written premiums at both Non-Life and Health increased due to growth in the portfolio and premium measures. We have retained our market leadership in Health. Via the retirement services chain we are reaching new retail customers and institutional clients. Assets under management at Achmea Investment Management have grown sharply and the interest result at Achmea Bank has also increased considerably. The sale of Friends First has caused written premiums in the International business to decline, but the trend is positive in those markets in which we still operate. The service book at Pension & Life has contracted slightly in line with our expectations, while simultaneously expenses have been reduced.

NEW STRATEGIC PERIOD: 'THE SUM OF US'

The world in which we operate is changing fast. This is why it is so important that we prepare ourselves for the future. With our Strategy 2025 we are placing a marker on the horizon. The expectations of our stakeholders, naturally including our customers, both with respect to the value we offer them and our contribution to society, are central to this. And we are focusing on accelerating digitisation and on fundamentally different business models that could materialise in the future. We are doing this via our own efforts and together with others. This change is the lead philosophy for the coming strategic period 2020-2022, which we have called 'The Sum of Us'. Here, we are emphasising what lies at the heart of our operations: sharing risk so that it is manageable for individuals. Yet this also involves

taking advantage of our group's unique composition and the impact this permits us to have on the market and in society. Not to mention how we can set ourselves apart from our competitors. Moreover, it stresses that we will work more closely with partners than we have in the past in order to achieve our goals.

As part of the process of formulating our renewed strategy, we also take into account our identity, who we are and why we do what we do. We highlight our cooperative identity in order to demonstrate that we are a special kind of company. We work for others and not just for ourselves. For individual customers and for customers as a group, for society.

Our role in this has changed over time. Traditionally, our role was to facilitate dealing with risk in the form of insurance and prevention. Over the years we have added to that, combining insurance contracts with e.g. services in order to offer customers greater added value. More recently we have concentrated on five social domains (strategic focus areas) and three sustainable development goals. Within these, we aim to contribute to solutions for social or societal issues, such as leading a healthy and safe life and implementing good employment practices. These roles have been used as a basis for formulating what we wish to achieve.

WHAT WE AIM TO ACHIEVE AND WHERE WE WISH TO DISTINGUISH OURSELVES

We contribute to a healthy, safe and future-proof society

We do this by conducting the business of insurer, asset manager and (financial) service provider

We choose to focus on five social domains (strategic focus areas)



Good health closer to everyone



Clean, safe and smart mobility



Safe and sustainable home and living environments*



Carefree enterprise and good employment practices



Financial solutions for now, tomorrow and later

And we want to distinguish ourselves in three Sustainable Development Goals



Good health and well-being



Sustainable cities and communities



Climate action

We are customer-relevant and leading in this regard

With this we want to be seen and recognised as an organisation that creates value for customers and society

* (Dutch: Veilige en duurzame woon- en leefomgeving)

From a long-term focus, we give our own modern twist to solidarity and inclusion. By encouraging prevention and organising risk-sharing we create value for all our stakeholders, including our customers, as well as for society as a whole.

SPEARHEADS ON THE ROAD TO 2025

We are building on our unique characteristics with a view to implementing our strategy successfully. Our cooperative background is a major strength that we want to use to distinguish ourselves in the market. Our brands are rated above average and many reflect their own individual histories at the heart of communities. We have long played a significant role on the public-private market for healthcare, social security and pensions. This background sets Achmea apart from other insurers.

Together with Vereniging Achmea we aim to give a modern twist to our cooperative identity and to those of our brands. This is a major principle for achieving the social impact we aim for. The five strategic focus areas outline where we want to make a difference for our customers and for society.

We will increasingly unite forces within our company. No other company in the Netherlands has such a unique combination of products and activities as Achmea. By working together more closely, we can better serve our customers and connect (traditionally) separate domains. We believe that using the full breadth of our products, services and distribution strength will place us in an excellent position for developing new products and services at the interface where e.g. income and health, healthcare and living, and financial solutions meet.

Earning responsible returns is a prerequisite for being able to invest in our restructuring and social ambitions. In doing

so, we seek to strike a balance between short-term results and long-term continuity for our customers. Sustainable, responsible financial results are important to being able to invest in our social ambitions. We invest in innovation and growth, in keeping with our cooperative identity and the social impact we aim to achieve. Our value creation model (in the next section) summarises this in brief.

We view innovation as essential to being able to implement our strategy. This innovation relates to technology, digitisation and the use of data and to new forms of partnerships, distribution and services. We plan to make even smarter use of new technology and data in order to become a more efficient and more digital insurer. Our goal here is convenience for our customers and to further optimise our services. We take great care when dealing with the personal details and data entrusted to us. We want to work as safely and transparently possible against the background of our cooperative identity and in the interest of our customers.

We seek to make cooperation with partners an even larger part of our modus operandi. This is necessary in order to be able to assist customers better and to achieve our common social ambitions. In addition to a broad range of products and services, this will also have a significant impact on our future distribution and partnerships. An increasing number of platforms is being created to which customers can turn for a wide variety of things. We want to play a larger and more active role in these. Rabobank is and will remain an important partner for us. Via Interpolis we aim to become even more relevant to Rabobank customers. We wish to consolidate our joint position in the market and use our partnership even more widely.

The goal here is to achieve targeted growth in selected markets. Via Achmea Pensioen Services, Syntrus Achmea Real Estate & Finance and Achmea Investment Management we will focus on acquiring new clients in the institutional market. Outside the Netherlands we will grow in those countries in which we already operate.

The commitment and enthusiasm of all our colleagues is crucial to the successful implementation of our strategy. We provide opportunities for learning and aim to improve employee skills in data and technology. By doing so we encourage creativity and innovation from the inside.

CHOICES AND AMBITIONS FOR 2020-2022

Our focus

Our focus for the strategic period 'The Sum of Us' has been laid down in our revised Strategy Map. Here, we have assigned a more prominent position to the role in society that we aim to have. We will not achieve either the recognition as an insurer with a cooperative identity or the impact that we aim to have on strategic focus areas overnight. However, these areas do provide us with clear direction and ambitions. Implementation will require a process of constant improvement. The map acts as a guide and will enable us to steer more comprehensively across all six dimensions of the map, as well as to take prudent decisions on prioritisation and pace based on a long-term focus.

Focus in segments

In addition to bearing joint responsibility, the segments that together make up Achmea each have their own individual roles and focus in implementing our strategy. They depend partly on the specific conditions in the markets in which they operate, how mature they are as segments and their future earning potential.

Non-Life We seek to strike a balance between growth and return. Our aim is to grow further in the retail customer, self-employed and SME target groups. We are investing in claims management and sophisticated pricing and we are improving the efficiency of standard processes. As we expect the market to undergo radical change in the long term, we are exploring new propositions relating to living, climate and mobility.

Health We aim to bring health closer to our customers and to play a role in making the healthcare service landscape future-proof. Expanding the reach of existing propositions also forms part of our aims. And we are exploring whether we can use our competencies and data for services relating to vitality and healthy enterprise.

Pension & Life Over the next few years, the service book will remain a major pillar of our earning capacity and free capital generation, in spite of the expected gradual decline in its size. Cost reductions, balance sheet management and stabilisation of the result are important areas for attention here. We in fact aim to increase our market share in the open book business, consisting of term insurance and direct annuities.

Retirement Services The retirement services chain is currently under construction. Over the past few years we have repositioned the segments, partly in light of the shift towards collective variable pensions and Defined Contribution solutions. The next few years will be devoted to achieving growth and scale, cutting expenses and communicating clearly with pension scheme members. In addition, we will anticipate revisions to the Dutch pension system, invest in a pension platform and continue to move towards more responsible investment.

International We aim to occupy stable and relevant market positions in the countries in which we operate. Our strategy of acceleration and shaking up established markets will be continued.

Portfolio choices We are monitoring the consolidation on the Dutch market in order to analyse the options for complementing our existing activities.

ACHMEA STRATEGY MAP 2020 – 2022



Customer

We put the customer first and strive for a relationship based on mutual trust

We exceed our customers' expectations with our cross-domain propositions

Customers feel strongly connected to our brands



Society

We are recognised as a cooperative insurer that is committed to serving customers and society

We make an impact in five strategic focus areas

We make our propositions, investments and operations sustainable



Employee

We develop (new) talent and skills and stimulate well-being, diversity and inclusion

Our leaders coach their teams and give direction and empowerment

We increase the agility of our organisation and collaborate across business lines and brands



Partner

We make the strategic partnership of Rabobank, Achmea and Interpolis successful for all parties

We work together with (distribution) partners to accelerate growth and innovation

We reinforce our distribution by launching our own platforms (CB and ZK) and connecting to external platforms



Process

We excel at effective and efficient processes

We turn data into knowledge which differentiates us for our customers, employees and partners

We work digitally



Financial

We realise our financial ambitions by innovating our portfolio at home and abroad





We ensure a robust balance sheet and capital and liquidity position

We gain cost and purchasing benefits through our scale

Our value creation

Our value creation model depicts the relationship between our strategy, the business model and the results or output and the impact that Achmea achieves. Within our value creation model, our core values – empathising, innovating and delivering – are an important foundation for the way we work. The dialogue we conduct with our stakeholders provides direction to the impact we wish to have on society and how we work. The value creation model also shows how we create value for our stakeholders in the long term. More information on this can be found in the individual sections of this Annual Review.

INPUT FROM OUR STAKEHOLDERS

-  **Customers** deposit premiums and pay for our services
-  **Employees** put their talents to use on behalf of our customers and our company
-  **Business partners** work with us on distribution and propositions
-  **Capital providers** provide the funds to invest in solutions for our customers



OUTPUT

- Insight, advice and solutions to risks
- Personal and professional development
- Long-term successful collaboration
- Solid, sound financial basis and performance

IMPACT

- Good health closer to everyone
- Clean, safe and smart mobility
- Safe and sustainable home and living environments*
- Carefree enterprise and good employment practices
- Financial solutions for now, tomorrow and later

SDGs

-  **3** GOOD HEALTH AND WELL-BEING
-  **11** SUSTAINABLE CITIES AND COMMUNITIES
-  **13** CLIMATE ACTION

* (Dutch: Veilige en duurzame woon- en leefomgeving)

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How we create value for our customers

We want to be trendsetting and relevant to the daily lives of our customers. People will always need help in dealing with risks, but the way in which we address this task is evolving. We are moving away from 'compensation and prevention' towards 'making life more enjoyable, safer and healthier'. From 'helping to prevent people losing something' to 'helping people to retain or achieve something'. A healthy, fit mind and body, safe home, work and travel environments, and financial planning that takes into account new uncertainties, new opportunities and an enterprising life.

Achmea wants to place customers' interests first (known as customer centricity) and this is why it is essential to know what matters to our customers and what our customers and society need, so we actively involve our customers in our

product development and assessment. They are also given influence via customer councils, at which we discuss customer service, insurance products, and services with them.

We assess our customer-centricity performance, for instance, using the Autoriteit Financiële Markten's (AFM) Customer Centricity Dashboard. We also use the Net Promoter Score (NPS) to measure customer commitment to our brands. This score indicates whether customers would recommend our brands. We measure how our customers rate us via customer satisfaction surveys.

In safe hands with our insurance contracts and services

We aim to help our customers lead more enjoyable, safer and healthier lives. We do this by helping to prevent risks, and if a risk does become reality, we help people and companies to carry on. Together with our customers, we



LOW LEVEL OF LITERACY

Achmea has long worked to improve literacy levels. Even though there are 2.5 million adults in the Netherlands who have a low level of literacy, it is still regarded as a taboo subject. Many people are afraid to admit that they experience difficulties in reading, writing and/or arithmetic. Achmea has supported Stichting Lezen & Schrijven (reading & writing foundation) for about ten years now and sponsors the foundation's annual Taalhelden (language heroes) prizes. During Dutch Literacy Week in September 2019, Achmea ran a joint campaign with Stichting Lezen & Schrijven to raise awareness of low literacy levels. At the start of 2019, Achmea announced that its employees would learn more about low levels of literacy and how to communicate at A2 level. We want our communications with our customers to be clear and comprehensible. To everyone. The first courses in the pilot scheme have already taken place.

want to do everything we can to ensure that setbacks do not occur. Via our prevention services, we use our knowledge and expertise to advise customers on preventive measures. And we suggest solutions so that they can get on with their lives after an unexpected setback. These are solutions such as insurance and financial services, many of which are digital and also innovative. We help institutional clients via services relating to pension administration and asset management. We do this as much as possible together with partners such as pension funds. More on this can be found in the section 'How we create value for our partners'. One way of serving our customers properly is via portals that pension scheme members can use to remain informed of their estimated income on retirement. We also put our knowledge and

expertise to use in sustainable investment. More on this can be found in the section 'How we create value for society'.

Customers are satisfied with the products and services offered under Achmea brands. This is demonstrated by, for example, the customer satisfaction surveys carried out in 2019 (see table below). The scores for our property & casualty brands climbed further in 2019, while those for our health insurance brands remained the same. Most brands match or exceed the sector average. This gives us confidence in our policy of further improving our products and services together with our customers.

Our services are becoming increasingly digital: a growing number of insurance contracts are being sold online and service queries dealt with online and customers can submit claims via our chatbot. Self-service assistance on the website is done via live chat. Customers can also communicate with us via apps such as WhatsApp.









Customer-Oriented Insurance quality seal

The Customer-Oriented Insurance quality seal (Keurmerk Klantgericht Verzekeren) underlines the quality of the services and customer focus of an insurer. As in 2018, Achmea retained the quality seal for all of its brands in 2019.

Customer Centricity Dashboard

We endeavor to achieve the perfect match with the current and future wishes and needs of our customers. Customers can verify this at independent bodies, such as regulatory authorities and consumer organisations. Through the Customer Centricity Dashboard of the AFM (Netherlands Authority for the Financial Markets), the AFM has formulated norms to monitor whether Achmea, as a major insurer, is putting customers' interests first in the products and services it provides. Claims settlement testing is conducted by Stichting Toetsing Verzekeraars (Stv, Foundation for the Review of Insurers). In 2019, the Stv awarded nearly all the Achmea operating companies good

CUSTOMER SATISFACTION SCORES 2019 (2018)

	CUSTOMER ORIENTED INSURANCE QUALITY SEAL	RETAIL MARKET						COMMERCIAL MARKET			
		NON-LIFE ¹		HEALTH ²		LIFE ¹		NON-LIFE ³		INCOME PROTECTION ³	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Centraal beheer		7,7	7,5			7,1	7,4	7,9	7,8	7,5	7,3
Interpolis		7,6	7,6	8,1	8,1	7,3	7,3	7,6	7,4	7,5	7,4
Zilveren Kruis				7,9	7,9						
Avéro Achmea ⁴				7,8	7,7			7,5	7,3	7,2	7,2
De Friesland Zorgverzekeraar				8,1	8,1						
FBTO		7,5	7,5	8,1	8,1	7,2	7,1				
InShared		7,4	7,3								
OZF				8,0	8,2						
Pro Life				8,2	8,2						
Average for Achmea brands		7,6	7,5	8,0	8,0	7,2	7,3	7,7	7,5	7,4	7,3
Industry average		7,5	7,5	8,0	8,0	7,0	7,0	7,5	7,4	7,3	7,3

1. Source: Dutch Association of Insurers, 'Verzekeraars in Beeld' survey 2019 and 2018

2. Source: SAMR, Customer Monitor Health Insurance, as per April 2019 and 2018

3. Source: Dutch Association of Insurers, Customer Satisfaction Survey Business 2019 and 2018

4. From 1 April 2019, Avéro Achmea no longer sells non-life insurance contracts in the retail market. Therefore, there are no customer satisfaction scores available for this brand for 2019 for non-life insurance in the consumer market. We have adjusted the comparative figures accordingly.

CLAIMS SETTLEMENT TESTING SCORE

BRAND	SCORES	
	2019 ²	2018 ¹
Centraal beheer	4.3	4.5
Interpolis	4.3	4.3
Zilveren Kruis	4.8	4.5
Avéro Achmea	4.5	4.0
FBTO	4.3	4.5
InShared	3.5	3.8
OZF ³	2.5	3.0
Pro Life	4.8	4.5
Markt	3.8	3.8

1. Source: Stichting toetsing verzekeraars, Claims settlement testing 2018
2. Source: Stichting toetsing verzekeraars, Complaint and feedback management theme 2019
3. As of 1 January 2020, OZF is integrated into Zilveren Kruis

scores for the Complaint and feedback management theme (see table): Pro Life and Zilveren Kruis each scored 4.8 (2018: 4.5) on a scale from 0 to 5, yielding them joint 2nd place of all insurers who have given permission to publish their score. Nearly all the Achmea brands earned scores that were above the average score of 3.8 for all the participating insurers (2018: 3.8).

CENTRAAL BEHEER

Of all financial service providers in the Netherlands, as included in the Dutch Customer Experience Excellence Analysis 2019 conducted by KPMG, we offer the best customer experience via Centraal Beheer. The survey involved more than 5,000 Dutch consumers and over 200 brands in ten different sectors. The Centraal Beheer products

also perform well in the Dutch Consumers' Association survey. The Dutch Consumers' Association approached eight large insurers by phone and a range of digital channels. The test covered waiting time, accessibility and service. Centraal Beheer finished in first place in 2019. The related NPS for Centraal Beheer for property & casualty insurance for retail customers over 2019 is +9 (2018: +5).

In 2019, Centraal Beheer continued to take steps to achieve (assisted) self-service via whichever channel customers choose. Retail and commercial customers can buy products and services more quickly and easily or implement real-time changes themselves, with or without the assistance of an employee. After five years, the Centraal Beheer App is now a fully-fledged channel. The app has been downloaded a lot and reviewed thousands of times: our customers rate the app at 4+ stars. That's something to be proud of.

Centraal Beheer organised the Kleine Deukjes Dagen (minor dents days) again in 2019. Two days each year, a large group customers are invited to have a maximum of three minor dents to their vehicles repaired. The event is run by Achmea employees welcoming customers. Customers greatly award this event.

Safe and sustainable home and living environments

A number of initiatives started in 2018 were continued in 2019. An odd jobs assistance service (Klushulp) was started in 2018 to help people easily and quickly find the right person for minor repairs around the home. Since the start of this service, many thousands of odd jobs have been booked thus helping customers.

A new home maintenance service (Woningonderhoud) also went live in September 2019. Consumers can use this service to get indoor and outdoor paintwork done, thereby keeping

their homes in good condition. The tool gives consumers immediate insight into how much the work will cost and how long it will take, and it can then be arranged with just one click. Please see the section 'How we create value for society' for information on the Duurzaam Woongemak (making homes more sustainable) service.

Carefree enterprise and good employment practices

Making employees employable - and keeping them that way - is a challenge for employers. We have taken up this challenge by launching the 'Lekker bezig' (keep busy) app for employees together with Centraal Beheer. The goal is to expand to 1,000 users at the start of 2020. Since early 2019, Centraal Beheer has offered customers the option of arranging their disability insurance using automated recommendations: a fully-automated online process for inventorying the customer's needs, risk appetite and financial position. The system then recommends the disability insurance that best suits the customer's situation and preferences. The automated recommendations mean that customers have 24/7 access to high-quality advice.

Financial solutions for now, tomorrow and later

We are turning Centraal Beheer into a broad financial service provider that offers customers propositions that provide financial security. One example of this is FinanceBook, a joint initiative by Centraal Beheer and Achmea Pension Services. FinanceBook is a tool for employees that is offered via their employers and helps to compile a financial overview. Via the app, data can be retrieved securely and easily from the Dutch tax authority, the Employee Insurance Agency and Mijnpensioenoverzicht.nl (pension website).

Centraal Beheer's ThuisHypotheek (home mortgage) service saw growth in 2019. This service makes it easier for borrowers to apply for a mortgage online. Digital access to



Centraal Beheer: Odd job assistance service (Klushulp)

With Centraal Beheer Klushulp, customers can have a job carried out by one of the professionals of Centraal Beheer. Whether it is a leaking tap, central heating maintenance or hanging of curtains. The Centraal Beheer Klushulp is there for everyone. When it suits the customer.

We want to make things easy for everyone. This is also the case with our Klushulp, with which a professional can be booked quickly.



the correct information means it is easier for both customers and brokers to submit an application. The goal is to be able to arrange a mortgage via a single click in future. The product has already passed the €1 billion mark.

At the end of 2018, we launched the Centraal Beheer Legal assistance service. In the event of potential legal problems customers and non-customers can obtain advice or have a contract analysed and pay a fixed fee for the service (no insurance, no subscription). We assisted the first group of customers via this service in 2019.

ZILVEREN KRUIS

Zilveren Kruis celebrated its 70th birthday in 2019. To commemorate the 70 years since its foundation, Zilveren Kruis published 70 online customer portraits and 70 personal life lessons. The idea was to inspire people to find ways to feel good about themselves. Day after day. Even when things go wrong.

Zilveren Kruis has the ambition to 'bring good health closer to everyone'. We also aim to make our range of policies simple and clear-cut for our customers. For this reason, we are taking a critical look at the number of brands and products and their added value. This is in line with requests from government and society. Avéro Achmea Zorgverzekeringen N.V. and Zilveren Kruis Zorgverzekeringen N.V. merged on 31 December 2019. The Avéro Achmea brand will no longer exist as a healthcare brand. As of 1 January 2020, the OZF brand has also been fully incorporated into the Zilveren Kruis systems. In addition, Zorgkantoor Friesland B.V. merged with Zilveren Kruis Zorgkantoor N.V. as at 31 December 2019. These changes allow us to work more efficiently, cut expenses and keep premiums affordable.

We measure customer experience using the related NPS for Zilveren Kruis. Over the past few years, the NPS had risen to +7 and slightly dipped to +5. We have invested in online and social media in order to be able to improve this score. This

has been rewarded with several prizes, including a Social Media award.

Accessibility of healthcare

In order to keep healthcare available in the regions, Zilveren Kruis works together with hospitals, GPs and other health insurers to provide all residents with the right healthcare in the right place. In February 2019, a number of hospitals, Huisartsenzorg Drenthe (GPs Drenthe), Zilveren Kruis and Menzis presented a plan for preserving healthcare in the Drenthe and South-East Groningen region. The municipality Amsterdam and Zilveren Kruis have reached agreements on minimum-income households acute healthcare. The municipality of Amsterdam and Zilveren Kruis have agreed to organise healthcare for the most vulnerable residents of Amsterdam (minimum-income contract) with a pressing need for healthcare and support. This concerns mainly the first 1,000 days (natal care), senior citizens and mental healthcare. Also Zilveren Kruis, together with OLVG hospital and healthcare provider Cordaan, uses the Virtual Ward, a digital platform on which healthcare providers and patients can contact each other, with a view to obtaining the right healthcare at the right time in the right place, safely at home. Tergooi hospital is to bring 20% of its hospital care closer to home in collaboration with Zilveren Kruis. The two organisations have signed a letter of intent to this end.

Gezond Ondernemen (Healthy Enterprise)

Via Gezond Ondernemen, Zilveren Kruis supports companies in keeping their employees healthy and vital. Its 'Afvalen met Afspraken' (weight loss deals) programme, which was launched in 2019, is one contribution to this. Gezond Ondernemen improves the vitality of its group insurance scheme members, for example in relation to sleep by means of the NightOwl service. This offers a simple check to see whether someone has sleep apnoea. Zilveren

WHY DOES ZILVEREN KRUIS AGREE A HEALTHCARE CEILING?

Zilveren Kruis wants to provide healthcare for all patients as well as to keep healthcare affordable. This sometimes gives rise to dilemmas, for instance when setting a healthcare ceiling. Healthcare providers and Zilveren Kruis agree joint arrangements on aspects such as the quality, waiting times and organisation of healthcare and the budget. This budget is based on the number of treatments and the expenses over the past year and on forecasts for the coming period. The agreed budget nearly always proves to be high enough. Sometimes a healthcare provider will deliver more healthcare than had been agreed upon and that means the healthcare ceiling has been reached. If this happens, we examine the causes and solutions together. Sometimes we agree an additional budget, for example if there are too few alternatives in the region. Or if the institution itself has done all it can to remain within budget. If there is enough similar healthcare available at other institutions in the region, there may be no need to make additional arrangements. This is how we ensure that healthcare is available to our customers and that no additional premium amounts are spent. For customers, however, this may mean that they cannot use their first choice of healthcare provider.

Kruis offers the NightOwl service to employers, as many employees do not realise they suffer from sleep apnoea or do not seek treatment.

Group discount

Minister Bruins for Medical Care and Sport has decided to reduce the maximum group discount from 10% to 5% as of 1 January 2020. Zilveren Kruis believes that collaboration with group insurance schemes (collectiviteiten), such as employers, municipalities, trade unions and patient associations, makes a valuable contribution to achieving good, accessible and affordable healthcare. Group insurance schemes play an important role as a discussion and negotiating partner on behalf of and for their members. They yield valuable insights into the wishes and needs of their members and help us translate these into customised healthcare-related solutions. Moreover, the group insurance schemes are important to developing programmes and innovations aimed at prevention, empowerment and reducing sickness absence. We make specific agreements with the group insurance schemes for realising this added value. The group discount is a major prerequisite for group insurance schemes being able to attract enough members or participants by offering an appealing scheme. From 2020, Zilveren Kruis will launch group supplementary health insurance schemes for the care and education sector. Zilveren Kruis wants to give customers an additional reason for choosing to remain insured via group insurance schemes on top of the discount.

INTERPOLIS

Interpolis celebrated its 50th birthday in 2019. Its cooperative background still forms the foundation of our insurance company. The services it offers for property & casualty insurance continue to be one of the strong points of Interpolis.

The related NPS for Interpolis property & casualty for retail customers over 2019 is +7 (2018: +4). With a view to further improving our services, in 2019 we conducted a pilot scheme for 'service after claims'. In this pilot scheme we helped customers not just with their claims, but also notified them of services that could reduce the future impact of claims.

Clean, safe and smart mobility

Interpolis has contributed to the social debate on drivers becoming distracted while at the wheel and on improving road safety. The Interpolis AutoModus app encourages drivers not to use their mobile phones while driving. The AutoModus app is offered on the market in combination with the car insurance contracts. More information on this can be found in the section 'How we create value for society'.

Safe and sustainable home and living environments

With new initiatives we aim to help customers with the risks to which they are exposed (and in doing so increase their empowerment) and at the same time contribute to society. Interpolis contributes to safe home and living environments via the Thuiswacht (safety in and around the home) and Inbraakbarometer (burglary barometer) initiatives. Interpolis is working to improve security at business locations as well. With the aid of the BedrijflnZicht detection system Interpolis tested a security system for businesses in 2019. Buildings are fitted with smart cameras, LED lighting and an app to increase security at businesses and prevent burglaries, theft and criminality. In addition, in 2019 Interpolis rolled out its 'Groene Daken' (green roofs) programme further in the Netherlands.

This is aimed at preventing damage or loss caused by flooding. The green roofs also contribute to climate adaptation and provide insulation in hot and cold weather. Read more on this in the section 'How we create value for society'.

Good health closer to everyone

In 2019, Interpolis also continued its initiatives in relation to well-being. The emphasis here was on preventing burn-outs among millennials by using for example the 'digital detox' and 'sleep challenge'. The sleep challenge is now a fixed component of the service provided and the health insurance package.

FBTO

FBTO achieved good results in terms of customer satisfaction and relevance in 2019. For example, FBTO was named winner of the Digital Service Scan for property & casualty insurers. This is the annual digital customer service benchmark set by the WUA! research agency. It means that FBTO.nl offered customers the best online service in travel and car insurance in 2019.

FBTO has developed driving style insurance in order to reward and promote a safe driving style among our customers. More information on this can be found in the section 'How we create value for society'.

The new website forms the heart of FBTO's new digital strategy. It was developed together with our customers: intuitive, mobile first, channel-independent, relevant and at your fingertips. The layered content on the new fbto.nl site creates depth and ease of use for customers. In 2019, FBTO won first prize at the Shopping Awards in the 'Personal & Financial Services' category. This prize means that the professional jury officially named FBTO as Best Financial Website. FBTO also won first place in the Best Website of 2019 in the 'Insurers' category. The Website of the Year contest is the ultimate public prize that focuses on the quality and content of websites.

INSHARED

In 2019, InShared took steps towards improving the price/quality ratio of InShared car insurances. The Independer terms and conditions score as at November 2019 climbed to the following scores (on a scale of 10): Motor vehicle liability insurance (WA) 9.5, Partial Casco (BC) 9.2 and Full Casco (VC) 8.1. MoneyView awarded InShared car insurance the maximum 5-star rating for both price (VC) and terms and conditions (WA). The Dutch Consumers' Association had previously awarded InShared car insurance (WA) a score of 9, the highest, in a test (Geldgids November 2018).

In the annual customer satisfaction survey, InShared's NPS increased from +9 to +17. This growth is probably related to InShared's efforts over the past year, for instance in improving its Verzekeringsmap (My insurance folder). Communications on the new end-of-year reward have also contributed. Premiums remain the most important driver for the NPS. In the Independer customer reviews, InShared has risen from an average rating of 3.5 to 4 stars.

AVÉRO ACHMEA

Avéro Achmea has received the quality seal for its sickness insurance for SMEs. This is a new sickness insurance that includes extensive support on managing the health and safety services required by the Netherlands Working Conditions Act (Arbowet). This new insurance package is the result of agreements between the Ministry of Social Affairs and Employment, the Royal Association MKB-Nederland, the Confederation of Netherlands Industry and Employers (VNO-NCW), the Netherlands Agricultural and Horticultural Association (LTO Nederland) and the Dutch Association of Insurers (Verbond van Verzekeraars). From 2020 we will be able to add this quality seal to our range of

group income insurance products. Financial advisors help SMEs to restrict their business risk on a daily basis. Avéro Achmea aims to raise awareness among advisors of the cyber risks to which SMEs are exposed. We note that this is still a new theme for most advisors. Yet, they are in an excellent position to furnish their clients with sound advice on cybersecurity. Even more importantly, this will help them assist entrepreneurs in preventing and restricting damage or loss.

ACHMEA INTERNATIONAAL

Outside the Netherlands, Achmea operates in Turkey, Greece, Slovakia, Australia and Canada. Interamerican Greece has introduced the Bewell health insurance to the Greek market a couple of years ago. Bewell offers customers personalised health plans, based on their actual needs and financial options. Interamerican took this concept a step further in 2019. For instance, Bewell offers customers improved access to doctors for individual problems, disease prevention through health and nutritional advice, and a 24-hour emergency helpline. It also provides detailed nutritional advice for families, for example via webinars. Sales of this product grew in 2019, albeit at a slower pace than expected.

In Canada, the Onlia online insurance proposition for retail customers is an example of international cooperation. Onlia offers positive ways of improving safety for Canadians, in their living environment and on the road. It does so by rewarding them for positive changes to their behaviour.

How we create value for society

Achmea wants to contribute to a healthy, safe and future-proof society. We do this via our insurance contracts, services and investments, and also via our own business operations.

We work to achieve social impact in five strategic focus areas that match our core activities and are included in our value creation model. The United Nation's Sustainable Development Goals (SDGs) give further direction to our social assignment. We place the emphasis on three goals: good health and well-being (SDG 3), sustainable cities and communities (SDG 11) and climate action (SDG 13). This section explains how we put this into practice.

We measure our progress on our ambition relating to sustainable products and services via the number of achieved innovations. A total of 18 innovations were reported in 2019, for example green roofs and Duurzaam woongemak (see this section and the section 'How we create value for our customers' for more information about these and other innovations).



OUR ROLE IN SOCIETY AS AN INSURER

Good health closer to everyone

Good health involves a great deal more than simply not being ill; good health also means feeling good about yourself. We call this 'your overall health picture'. Zilveren Kruis attempts to make employees and customers aware of the importance of this overall picture. As a health insurer, we make suggestions and support the administrative side of the process where necessary.

Feeling better about yourself

Via the Zitcheck (sitting check) campaign, Zilveren Kruis aims to raise awareness of the health risks associated with spending too long sitting down. A more general health campaign kicked off in October under the slogan 'Beter in je vel' (feeling better about yourself). The 'beter-in-je-vel-check' (feeling better about yourself check) contains questions and tips on how to eat, sleep, exercise and relax better. The campaign is easily accessible and comprises simple tips containing small steps towards improving your overall health. The Actify app, the digital health coach, was expanded in 2019 and provides information on healthy eating, exercise and lifestyle advice.

Burn-outs

The Interpolis Welbevinden (well-being) programme focuses on stress and burn-out complaints, mainly among millennials. In 2019, Interpolis tested The Lab of Life training programme, the fourth experiment within this programme. This led to a 40% decrease in the stress experienced and an improvement in the work-life balance of 39%. In addition, in 2019 Interpolis tested the effect of preventive intervention in preventing burn-outs, by telephone and online contact with a psychologist. The results show that three months after the programme, positive mental health has improved by an average of 33%.

More time for healthcare

Reducing the administrative burden is important for GPs and other healthcare providers. Zilveren Kruis policyholders no longer need to obtain a referral from their GP for some specific types of specialist care. This means they get the right care more quickly and leaves GPs more time for other patients. This applies to speech therapy, occupational therapy, dietetics, physiotherapy and Cesar/Mensendieck exercise therapy. As of 2020, it will also apply to lens

implants and TENS pain relief during labour. Zilveren Kruis has made arrangements with organisations such as the Landelijke Huisartsen Vereniging (national association of GPs), with a view to improving GP healthcare at a regional level. More financial support will be given to the GP's basic team, as well as cooperation within the region and the organisation of the right healthcare in the right place. The arrangements have been translated into the contract that Zilveren Kruis will offer GPs and their organisations in 2020 and 2021.

FIREWORKS MANIFESTO

Achmea signed up to the Dutch National Fireworks Manifesto back in 2016; it was the first - and so far the only - insurer to do so. New Year celebrations result in hundreds of injuries to hands, legs and eyes, millions of euros in damage to cars, houses and business premises, as well as violence towards the police and emergency services. Some parts of villages and cities turn into a kind of war zone during New Year celebrations. Achmea therefore supports a society-wide call to restrict the use of fireworks exclusively to professionals. In December 2019, it took out a full-page advertisement in the AD newspaper calling for people to sign the Dutch National Fireworks Manifesto. The text in the advertisement read as follows:

"At Achmea we believe a safe society is important. Consumer fireworks do not fit in with that goal. This is why we support the Fireworks Manifesto. Let's start the New Year in a festive manner with professional fireworks shows. Then we can all enjoy the fireworks, safely!"

Safe healthcare at home

A few years ago, Zilveren Kruis started the HartWacht service in collaboration with Cardiologie Centra Nederland (Netherlands Cardiology Centres) and FocusCura (healthcare innovation company). This is a telemonitoring service for patients with chronic heart conditions. Patients can conduct measurements simply at home, while the cardiologist reviews the results remotely. Research into the effects has proved that HartWacht contributes to improving the quality of patients' lives. It also results in fewer hospital admissions, urgent visits and ambulance journeys.

Clean, safe and smart mobility

We aim to contribute to road safety by encouraging our customers to adopt safe driving behaviour. In line with our climate policy, we believe it important to reduce greenhouse gas emissions. For this reason we are launching initiatives relating to clean mobility. Many of these initiatives rely on the use of data and smart technology.

Improving road safety

Interpolis has been leading the debate on drivers being distracted while at the wheel and on improving road safety for several years. This resulted in the European Commission presenting Interpolis with the special Jacques Barrot Prize at the Excellence in Road Safety Awards. The AutoModus app developed by Interpolis has now been downloaded more than 200,000 times. The app uses positive incentives to encourage drivers into adopting safe driving behaviour. App users have significantly less claims than might be expected based on their risk profile. In the ongoing development of this app, we are examining the extent to which rear-end collisions can be prevented and how AutoModus can be expanded to include a coaching role ('Buddy'). Interpolis has also launched the PhoNo-experiment. This tests how we can reduce the use of mobile phones among young

CLIMATE ADAPTATION MONITOR

With its cooperative background, Achmea strongly believes in tackling challenges together. Climate change is one such challenge. Achmea sees the inconvenience and expenses for customers arising from damage caused by climate change. For this reason, Achmea has entered into a partnership with Royal HaskoningDHV and consultancy Nelen & Schuurmans under the name BlueLabel. The idea is to help customers protect themselves against the consequences of e.g. flooding. In 2019, Achmea conducted a survey into the climate resilience of homes in the Netherlands: the Climate Adaptation Monitor. This shows that most residents of the Netherlands want to adapt their homes to the impact of climate change, such

as extreme heat and flooding. The problem is that they don't know enough about how to do so and how much it will cost. Moreover, many of the measures are not widely known. Achmea wants to contribute to a safe and future-proof society. It wants not only to compensate customers for damage or loss, but also to be of value in preventing it in the first place. This is why Achmea is investing in prevention and services. As an example, Interpolis helps with the placement of green roofs, Centraal Beheer with the installation of solar panels and we advise municipalities using data analyses so that they can better respond to the growing problems of flooding and heat stress in towns and cities.

cyclists. The launch of the FBTO rijstijlverzekering promotes a safe driving style among our customers. A special app allows customers to get insight into their driving behaviour. Each month, they are given a driving style score that translates into a discount on their insurance. Onlia, our Canadian joint venture, launched the Onlia Sense safe driving app in 2019. The app rates driving skills based on five categories and tells drivers what went well and what went less well at the end of each drive. It already has approximately 35,000 registered users.

WegWijsVR enables children to practise all kinds of virtual traffic situations in their local area (such as from home to school) and in doing so become safer road users. More than 275 schools are now participating in WegWijsVR and more than 30,000 licenses have been issued, allowing children to practice virtually.

In collaboration with We Drive Solar, Syntrus Achmea Real Estate & Finance (SA RE&F) is to provide between 300 and 400 shared electric cars in Utrecht over the next few years. The partnership began in 2017 with the provision of three cars at an Utrecht apartment complex owned by SA RE&F and will now be expanded. Tenants can take out a subscription for a shared electric car. Solar panels on residential complexes will generate part of the energy for the cars. The energy stored in the batteries that is not required for driving will be rerouted back to the building. Interpolis supports Lightyear, the first solar energy car to be manufactured in the Netherlands. Centraal Beheer is a sponsor of TU Eindhoven's Solar team.

Safe and sustainable home and living environments

As an insurer we have long worked to create safe home and living environments. Prevention plays an important role here.

Foto volgt

FBTO: Driving Style insurance (Rijstijlverzekering)

Save money on your car insurance? Download the FBTO Driving Style app and take out the care insurance via the app. The app measures the driving style and with the kilometres that are driven, the customer can get part of the basic premium back. The better the driving style, the more premium the customer gets back. That can be as high as 30% each month!

The logo for FBTO, featuring the letters 'FBTO' in a bold, blue, sans-serif font. The letter 'O' is stylized with a rainbow gradient.

We want to expand our role as a service provider in relation to prevention. We do so as much as possible by the smart use of data and technology.

Thuiswacht and Inbraakbarometer

Interpol is making a valuable contribution to safe home and living environments via the Thuiswacht (safety in and around the home) and Inbraakbarometer (burglary barometer) services. The Inbraakbarometer uses an algorithm to predict the risk of a break-in in a specific postcode. It was launched in the summer of 2019, generated a huge amount of publicity and has already been consulted by users over 140,000 times.

Duurzaam Woongemak and BlueLabel

Interpol rolled out its green roofs initiative further in 2019. Green roofs not only result in less flood damage on flat roofs, they also absorb CO₂. Nearly 1,000 green roofs have been planted in 2019 and in addition green roofs were ordered that will be planted in the coming period.

Since June 2019, home owners can turn to Centraal Beheer for assistance with solar panels. This was the start of the Duurzaam Woongemak service, aimed at helping consumers make their homes more sustainable. This led to 231 customers installing 3,011 panels in 2019.

Achmea has set up BlueLabel together with Royal HaskoningDHV and consultancy Nelen & Schuurmans. BlueLabel is an innovative prevention concept that gives insight into climate risk at postcode and house number level: drought, heat, flooding caused by heavy rainfall and rivers bursting their banks. The strength of BlueLabel lies in the combination of data that we hold on these risks. The insight that BlueLabel provides into the risks enables customers to take preventive measures. BlueLabel's customers are mainly

municipalities, which can use the insights to implement the correct measures in public areas.

Carefree enterprise and good employment practices

We operate on the conviction that work is of great social and economic value to both individuals and society. Our aim is to support businesses and their employees in those fields in which we have gained a lot of knowledge and experience. Avéro Achmea offers a cyber training programme for businesses in order to raise awareness of cyber risks and how to prevent them. Interpol is working to improve security at business locations using its BedrijfsZicht detection system. Centraal Beheer offers expertise to businesses via its Ondernemerswinkel concept. Businesses can turn to this webshop for advice and solutions for legal assistance, IT, debt collection and sustainability.

Financial solutions for now, tomorrow and later

Financial knowledge and empowerment are growing in importance as group schemes and permanent jobs are no longer a given. We see awareness of such issues and the provision of financial solutions as an important role for us towards both our customers and society. In 2019, Centraal Beheer developed FinanceBook, a tool for employees that is offered and paid through the employer. More information can be found on this in the section 'How we create value for our customers'.

OUR ROLE IN SOCIETY AS AN INVESTOR AND MORTGAGE PROVIDER

Achmea is a major investor and asset manager. We invest the premiums paid by our customers (own risk portfolio) and also on behalf of customers (linked liabilities portfolio) in order to be able to meet our commitments, such as compensating our customers for damage or loss and

paying benefits from pension and life insurance contracts. In addition, via Achmea Investment Management, Syntrus Achmea Real Estate & Finance and Achmea Bank we are an asset manager for third parties and a mortgage provider. As an investor and a bank, we work with respect for the world around us, people and society.

Own risk portfolio

SDGs 3, 11 and 13 are important inputs to the investment policy we apply to our own risk portfolio. In order to make our portfolio more sustainable in a responsible manner, while also bearing in mind the potential financial consequences, we have opted for gradual policy implementation along five lines:

1. Measuring: we measure the social risks and impact of our investment portfolio. We measure the carbon footprint and screen the investment portfolio in line with the standards contained in the UN Global Compact, the OECD guidelines and the UN Guiding Principles on Business and Human Rights.
2. Setting standards: we exclude some activities from investment and reduce the negative impact. For example, we do not invest in tobacco, controversial weapons and companies that structurally violate the Global Compact. We therefore refrain from investing in companies whose operations are fundamentally opposed to our standards and values. In addition, we are reducing the negative impact of our investment portfolio, such as the carbon footprint. Achmea tightened its exclusion policy for countries (government bonds) in 2019. Countries were previously only excluded if they came under the sanctions policy adopted by the Dutch government (1977 Sanctions Act). As of 1 January 2020, countries are also analysed using the criteria for human rights, labour standards and corruption. Those countries that score poorly on these criteria are excluded from investment. From 2020, we will

further tighten the policy on investment in countries with regimes that are unacceptable to us.

3. Influencing: we attempt to exert influence on policies at the companies in which we invest via dialogue (engagement) and shareholder meetings (voting).
4. Making an impact: we invest with positive social impact. This is done via, for instance, investing in green bonds, making our real estate investments more sustainable and incorporating ESG criteria into our investment process.
5. Reporting: We are transparent and say what we represent and what we do. Our reporting is done via our annual reporting, on our website and as of this year via our (interim) year reports (www.achmea.nl/en/sustainability/responsible-investment). Independent external parties, such as the UN PRI, the Investors for Sustainable Development Benchmark (VBDO) and the Eerlijke Verzekeringwijzer (Ethical Insurance Guide) test our policies.

Focus on climate change within our SRI policy

The climate change theme is one of our main areas for attention. We aim to measure and reduce our carbon footprint and make a positive contribution by investing in projects or companies that combat climate change. Achmea has signed up to the financial sector's Climate Agreement. With this agreement, the Dutch financial sector aims to reduce greenhouse gas emissions in a cost-effective manner by 49% in 2030 compared to 1990. Signature of the climate commitment by the Dutch Association of Insurers (Verbond van Verzekeraars) on behalf of all Dutch insurers demonstrates that Achmea wants to contribute to implementing the Climate Agreement. We have committed to reporting as much as possible on the climate impact of our finance and investment from 2020, to drawing up action plans to restrict this impact no later than in 2022, and to making a substantial contribution to the energy transition. We contribute indirectly to CO₂ emissions via our investments.

CHALLENGING BUSINESSES ON CLIMATE CHANGE

Via Climate Action 100+ Achmea is actively conducting dialogue with the largest emitters of greenhouse gases in the oil and gas sector, with electricity companies and the chemical industry. Oil and gas products are responsible for over half of the world's greenhouse gas emissions via energy consumption. So far, only a couple of major oil companies have assumed responsibility for their role and committed to reducing their overall carbon footprint. It is not yet clear how most large energy companies are preparing for a low CO₂ scenario. A positive example is Shell, which as one of the first oil and gas company to

publish tangible plans for reducing its carbon footprint by setting a series of goals for the period up to 2050. Another positive aspect is that most of the utility companies in our engagement process have included the recommendations of the Taskforce on Climate-related Financial Disclosures in their annual publications, including scenario analyses. We are developing frameworks that can be used to hold senior management accountable for achieving a low carbon scenario. We are encouraging companies not just to set interim targets, but also to incorporate these strategic goals into their remuneration plans for board members.

We want to be transparent about our carbon footprint by measuring this over the largest-possible portion of our investment portfolio. Last year we did this for equities and corporate bonds. In this report, we have expanded the CO₂ measurement to 58% of the own risk portfolio by also measuring the carbon footprint for government bonds and mortgages. Next, we aim to reduce our carbon footprint wherever possible. We have already taken a first step with a 10% reduction target for the CO₂ footprint in the equity portfolio compared to the benchmark. From 2019, a 15% reduction target has been introduced for the corporate bond portfolio compared to the chosen benchmark.

We have also decided that we will no longer invest in companies that derive more than 30% of their revenue from coal, or oil extraction from tar sands. In addition, Achmea will continue its intensive engagement process. We are actively encouraging companies to make their business operations more sustainable.

Just as in 2018, we invested in green bonds in 2019. These bonds need to meet the Green Bond Principles for us to invest in them. This guarantees investors that information on the investment's environmental impact will be provided in order to facilitate evaluation. On top of this, our asset managers apply their own screening policy. As of year-end 2019, the amount invested in Green Bonds totalled €1,144 million (2018: €729 million). Moreover, Achmea launched the Achmea Innovation Fund in 2019. This fund issues growth capital to companies that operate in the fields of health, mobility, residential and financial solutions for now, tomorrow and later. The fund focuses on promising initiatives in the Fintech and Insurtech industries that match our strategic goals. The ambition is for the fund to grow to a size of €100 million.

Influencing via voting and engagement

Through voting at shareholder meetings, but also through engagement on specific themes, we attempt to increase the value of our investments and improve the sustainable



Syntrus Achmea Real Estate & Finance: Smart homes

Syntrus Achmea Real Estate & Finance is taking a new step in making 'smarter' rental properties for investors. In Park Zonnehof in Duivendrecht, the heaters and ventilation systems of more than 100 new homes are monitored remotely. The maintenance company only has to come in the event of malfunctions and the annual standard service is a thing of the past.

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real estate & finance



behaviour and quality of the board of management (see table on previous page).

Our engagement processes have covered topics such as climate change, good governance and affordable medicines.

External review of responsible investment policy

VBDO benchmark for insurers

The Dutch Association of Investors for Sustainable Development (VBDO) analyses insurers periodically on their sustainable investment. The analysis covers governance, policy, implementation and accountability. For the first time, questions were also asked about the impact of climate (change) on the investments and these also counted towards the final score. Achmea has climbed from 5th in the ranking to 3rd place.

Achmea's PRI rating

Achmea signed up to the United Nations' Principles for Responsible Investment (UN PRI) in 2007. This expresses our commitment to incorporating sustainability criteria into our investment processes. Signatories to the PRI are audited

annually on the quality and scope of their application of these principles. The PRI Association issued a rating for Achmea in 2019 in which it earned the highest possible scores (A+) on Strategy and Governance. On all other criteria, Achmea scored the same or better than the peer group.

ACHMEA BANK

We aim to contribute to the goals set out in the Climate Agreement based on our role as a mortgage provider. In order to accomplish the ambitions of the Climate Agreement, a large portion of the Dutch housing stock needs to be made more sustainable. For this reason, in 2019 we started to monitor the CO₂ emissions of the mortgage portfolios we manage for our Woonfonds and Centraal Beheer brands. We do so using the energy labels issued for the residential properties. As of 31 December 2019, about 62% of the residential properties in our portfolio possessed a green energy label (A, B and C). We encourage our customers to make their homes more sustainable. We do this by informing them of sustainability measures and offering them options to finance these measures.

GROWING FOCUS ON SOCIAL ROLE OF PHARMACEUTICALS

Achmea has started an engagement programme with a number of pharmaceuticals on the price of medicines. In April, at the initiative of the Eerlijke Verzekeringsswijzer (Ethical Insurance Guide), the Centre for Research on Multinational Corporations (SOMO) published the research report Taming Big Pharma on the social responsibility of pharmaceutical companies and the role that investment by insurers play in this. The insurers, including Achmea, were assessed on: transparency on investment in this industry, engagement, fair tax payments, delivering affordable medicines, the portion of investment in pharmaceuticals by insurers in relation to their scores in the Access to Medicine index. Alongside two other insurers, Achmea scores the highest on all these themes.

ACHMEA ENGAGEMENT AND VOTING

INVESTMENT ENTITY	ENGAGEMENTS				VOTES			
	NUMBER OF COMPANIES	NUMBER OF TOPICS	NUMBER OF COMPANIES	NUMBER OF TOPICS	NUMBER OF SHAREHOLDER MEETINGS	NUMBER OF VOTES	NUMBER OF SHAREHOLDER MEETINGS	NUMBER OF VOTES
	2019		2018		2019		2018	
On behalf of Achmea	211 ¹	248 ¹	92 ¹	109 ¹	721	10,127	970	13,002
On behalf of (customers of) Achmea Investment Management, incl. Fund Management (Retail)	124	157	146	183	1,512	20,410	1,866	24,175

1) number relates to engagements conducted by asset managers Achmea IM and Robeco

CAMPAIGN FOR A LIVING WAGE

A living wage enables its recipients to send their children to school. This therefore plays an important role in combating child labour. Campaigning for better wages in production chains contributes to achieving the United Nation's Sustainable Development Goals (SDGs), especially SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities). It is therefore one of the engagements in which the improvement of human rights is central. In dialogue on this, Achmea focuses on companies in the clothing industry and on supermarkets. We talked to clothing companies such as Ralph Lauren, Li & Fung and TJX and to supermarket chains Ahold Delhaize, Carrefour, Metro and Tesco. This engagement is conducted together with a broad group of Dutch investors. The Platform Living Wage Financials (PLWF) has been set up to this end. By working together, we are able to conduct an in-depth analysis, challenge a broad group of companies and exert greater pressure.

ACHMEA INVESTMENT MANAGEMENT

Achmea Investment Management (Achmea IM) helps institutional clients to translate the laws and legislation on responsible investment and proposes options for putting them into practice, for example via support on implementing the international SRI agreement (IMVB-convenant). Over 70 pension funds have set out targets for sustainable investment in this agreement on International Socially Responsible Investment with social organisations (NGOs), trade unions and the government. Many of Achmea IM's

clients have signed this agreement. Achmea IM helps them to fine-tune their policies and implement the commitments laid down in the agreement, such as conducting initial (zero) measurements.

The Dutch Stewardship Code came into effect as of 1 January 2019. The Stewardship Code governs voting at shareholder meetings and conducting engagement with companies. In addition, the Shareholder Rights Directive II came into force in 2019. Achmea IM assists and advises its (pension fund) clients on implementing these new developments in the shape of guidance, implementation and reporting in 2020. Each year, Achmea IM publishes its Responsible and Engaged Shareholder report on its website and in it describes how it has implemented the Stewardship Code and the Shareholder Rights Directive.

Achmea IM will roll out a specially-developed ESG toolkit in 2020. This ESG toolkit will help pension funds to incorporate sustainability factors into different phases of the investment process in a structured manner. One of the elements here is the ESG meter, which provides insight into the level of ESG in the investment portfolios.

In July 2019, Achmea IM again received a very good rating from the UN PRI in its role as an asset manager. Achmea IM scored an A or A+, the highest-possible score, in all the audited modules and asset classes.

In 2019, Achmea IM further expanded its engagement programme. In September 2019, the UN PRI awarded the Platform Living Wage for Financials the prize for the world's best alliance on active ownership (entering into dialogue with companies on a living wage). Achmea IM played an active role in this platform in 2019. The Dutch Engagement Network was launched in November 2019. Pension funds

join forces within this network to enter into dialogue with companies together and from a unique perspective. Achmea IM is the party that conducts these engagement processes.

Knowledge sharing is something that Achmea IM believes to be important. For example, in the autumn four podcasts were launched in which experts from Achmea IM give their views on SRI. These podcasts can be listened to via the website of Achmea IM (<https://anchor.fm/achmeaim>).

SYNTRUS ACHMEA REAL ESTATE & FINANCE

Syntrus Achmea Real Estate & Finance (SAREF) invests in real estate and mortgages on behalf of institutional investors and in doing so opts for sustainable investments that earn a financial and social return. To this end, SA RE&F has further worked out its ESG strategy 'Beleggen met Betekenis' (Meaningful investing). More information on this can be found on the SA RE&F website (www.syntrus.com/about-us/esg).

Managed real estate

As of the end of 2019, approximately 62% of the real estate portfolios managed by SA RE&F possessed an energy label of A or higher, 14% a B energy label and 19% a C energy label. This label distribution in our property portfolio, 70% of which consist of residential properties, is better than the national average.

The Climate Agreement stipulates that CO₂ emissions in the Netherlands need to be 95% lower in 2050 than in 1990. SA RE&F wants to align itself with this target and in 2019 it created a CO₂ reduction Roadmap for seven large residential property portfolios for the period up to 2050. The Roadmap contains several scenarios for reducing the portfolios' CO₂ emissions. The measures (improved insulation, solar panels

and sustainable systems), expenses and savings are set out for each scenario. SA RE&F then uses the results to calculate what the different scenarios mean for the portfolio's return.

In 2019, eleven of SA RE&F's funds and portfolios participated in the Global Real Estate Sustainability Benchmark (GRESB). The average score increased by 2.6% versus 2018. The Achmea Dutch Health Care Property Fund was awarded the highest possible rating of 5 stars and named the most sustainable healthcare property fund in the world for the third time (n=7). Two of the other funds and portfolios earned five stars, while six earned four stars, one three stars and one two stars.

In 2019, SA RE&F was the first asset manager to sign up to the 'Healthcare Green Deal', an initiative to create a more sustainable healthcare sector. As part of this, SA RE&F will support healthcare institutions in making their properties more sustainable. We therefore see ourselves as a trendsetter in sustainable healthcare property.

Mortgages

The Achmea Dutch Residential Mortgage Fund managed by SA RE&F invests in Dutch mortgages with owner-occupied residential properties as collateral. As of year-end 2019, about 63% possessed a green energy label (A, B and C). This represents a slight increase compared to 2018 (61%). The fund aims to hold as many green energy labels as possible in the portfolio. To this end, we provide both brokers and customers with information on sustainability measures and funding options.

RESPONSIBLE BUSINESS OPERATIONS

Our almost 12,000 employees and multiple 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. To do so, we participate in local and regional networks in energy, waste and mobility, which contribute to making our key locations and environment more sustainable. We are seeking out innovative options together with suppliers. Furthermore, we are strengthening our (brand) propositions with respect to sustainability and making this visible. Examples of this include installing a green roof on the Interpolis building in Tilburg and the solar panels we placed on our car park roof in Apeldoorn in 2018. In 2019, the first of a total of 3,200 solar panels were placed above the new car park in Apeldoorn. The possibilities for

creating a geothermal network in Leeuwarden are currently being investigated. Achmea was the first large customer to register, which means that our location there could stop using gas from 2021.

Our carbon footprint in 2019

Achmea's operations have been climate-neutral since 2011 as we compensate for our CO₂ emissions by purchasing Voluntary Carbon Standard (VCS) certificates. 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. At the end of 2019, 8% of the fleet of lease

cars were electric vehicles. We measure our CO₂ emissions for all aspects of our operations: heating, lighting, water and paper use, waste, refrigerants, servers, and mobility. We try to improve sustainability wherever we can. Our carbon footprint is explained on pages 13-16 of part 3 of our annual report, Supplement D.

INVESTING IN SOCIETY

Achmea invests in social engagement via the Achmea Foundation and Stichting Achmea Slachtoffer en Samenleving (SASS).

The Achmea Foundation is an independent body that aims to increase the resilience of vulnerable people both in the Netherlands and abroad. Each year, Achmea makes available 0.5% of its net profits to this end. Social loans and donations are awarded to financially sustainable innovations in the fields of healthcare, agriculture and financial services. Achmea employees are set to work on assignments in developing countries in order to make their knowledge and expertise available to organisations with social goals. Through sharing knowledge, we are contributing to impactful initiatives and creating opportunities for the personal development of our employees. Achmea Foundation also organised 'Voor Elkaar' (for each other), an online platform on which employees can register for volunteer work and themselves post social projects for which they ask their colleagues for help. It is a platform for and by employees. Finally, together with Zilveren Kruis, Achmea Foundation organises the accelerator programme Impact Plus, aimed at boosting social enterprise in healthcare and welfare in the Netherlands.

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. The first relates to respect for and alignment with the resilience and empowerment of victims. Next there is a focus on restoring ties and confidence. And finally, a form of redress or rehabilitation. Project applications regarding for example research into blackmail over nude images among boys under the age of 26 and research into the impact of suspected sexual abuse on children in the event of (acrimonious) divorce were granted in 2019.. For more information on SASS and the funded projects, please see www.sass.nl.

Three new focus areas have been defined for 2019-2022: victims of domestic violence, sexual violence and online crime. SASS believes it is important to support young people and to make them stronger in what is an essential and potentially vulnerable stage of their lives. The idea is also to contribute to preventing victims themselves becoming offenders later in their lives. Victims of serious traffic accidents and victims of medical errors continue to form part of SASS's project portfolio.

SASS celebrated its 25th birthday in 2019. This was marked by an anniversary conference on 13 November comprising enthralling speakers, personal stories from victims, poetry, humour and music.

How we create value for our employees

Our employees are the beating heart of our company. Via our policies and way of working, we strive to ensure that our employees can do their work efficiently so that our customers feel they have received proper assistance.

New method for employee appraisal and remuneration

In January 2019, we introduced our new method for employee appraisal and remuneration: Talent, Development and Performance (TOP). Achmea has decided to discontinue traditional performance reviews. Instead, we will conduct ongoing dialogue on learning, development (of talent) and performance. TOP has six frameworks within which each team can set to work: personal control, talents, feedback, short-cyclical, self-reflection and coaching manager. These frameworks help employees and teams to look to the future and to focus on the talents each individual possesses. We expect employees to continue working on their own expertise, on broader employability and on their ability to adapt. No appraisals are held at the end of the year now. Whether employees see a salary increment no longer depends on the appraisal they have received. Employees will receive a salary increment each year if this is possible within their salary scale. Achmea works on the assumption that its employees perform well.

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 87%, the response rate in 2019 was once again high (2018: 84%). The survey therefore provides a reliable picture of employee engagement at Achmea. One of the measured components is giving feedback. We wanted to score 7.2 on this, but instead earned a score of 6.9. We think it is likely that expectations surrounding the giving of feedback are now higher due to the focus on this topic

during the TOP change programme, resulting in a more critical score for this topic in the Employee Engagement Survey. In 2020, we will continue to highlight the topic of feedback in communications on TOP.

Employability as a central theme

Maintaining or increasing employability is a challenge in an environment that is changing radically, both within Achmea and outside it. Achmea provides plenty of opportunities to its employees to assist them in working on their employability. We do so, for instance, by investing in healthy working, promoting professional expertise and shaping new leadership skills. Examples of this include Grow Your Mind and the DO IT! awareness campaign. Grow Your Mind is a development programme for digitising and robotising teams. The DO IT! campaign fosters a culture of learning, development and performance. Over 3,000 employees participated in DO IT! in 2019. This is in line with our goal for 2019.

One of the aspects we measure in our MBO is the KPI for Employability. Our score of 7.4 in 2019 was an improvement versus 2018 (7.3) and is in line with our target for 2019. In 2019, the Nationaal Onderzoek Talentontwikkeling (Dutch talent development survey) singled Achmea out as an expert at developing talented employees in the business service and large businesses category.

Boosting our image

We want to further strengthen our brand as an employer. Through blending the #daaromwerkikbijachmea (that's why I work at Achmea) campaign with existing activities and projects, we aim to increase our employees' pride at working at Achmea, just as we do through promoting our cooperative entity. The NPS score for recommending Achmea as an employer increased last year from 9.7 (2018) to 21.3 and far exceeds the benchmark rating of 8.4.

Talented young employees

Now that the job market is picking up again, it is hard to attract the right type of people, especially in strategic target groups. This is why Achmea has expressed the ambition to retain more young talented employees within the company. Stagedesk was subsequently set up in 2019 and is designed to help recruit more interns. We also offer traineeships and talentships in order to attract and retain fresh graduates.

Modern leadership

Achmea wants to strengthen its modern leadership. The score on this topic of 7.8 was the same as the score from 2018. The launch of TOP led to two training programmes being made available for managers: Leader as a team coach and Leader as an individual coach. In 2019, 66% of managers attended the Leader as a team coach course or was registered and 62% the Leader as an individual coach course. During these courses, managers learn how to inspire employees and how to coach them on developing and putting their talents to work in order to achieve goals.

Smoke-free future

At the start of 2019, it was announced that Achmea would become a no-smoking zone in 2020. This means that no smoking will be allowed anywhere in or adjacent to the Achmea offices from 2020. Preparations for this new policy were made in 2019. Employees who smoke were given the opportunity to attend a free training course, with 133 employees taking advantage of this in 2019. This is one way in which Achmea encourages its employees to lead a healthier life.

Diversity and inclusion

Achmea aims to be a diverse and inclusive organisation, as well as a reflection of the society in which we live. This is why Achmea signed up to the Dutch Diversity Charter on 12 September 2019.

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.

MALE/FEMALE RATIO AT ACHMEA AS AT END DECEMBER

	MALE		FEMALE	
	2019	2018	2019	2018
Supervisory Board	67%	50%	33%	50%
Executive Board	67%	83%	33%	17%
Directors' Council	78%	78%	22%	22%
Sr Management	69%	71%	31%	29%
Executive level	74%	73%	26%	27%
Total Achmea	52%	48%	48%	52%

Excluding third-party companies and international operating companies

The number of women in senior management increased slightly to 31% (versus 29% as of year-end 2018). The number of women at executive level has decreased slightly to 26% (versus 27% as of year-end 2018).

In 2019, we worked on raising awareness of multicultural identity, for instance via the workshop Multicultural Expertise for management. All 274 managers in the Non-Life segment received this training. In 2020 we want to further unroll this workshop within Achmea. We also adjusted the recruitment and selection processes in order to guarantee inclusivity, such as organising in-house days in collaboration with multicultural student associations. The launch of the internal network Kleurrijk Achmea (Colourful Achmea) is a testament to our focus on multicultural diversity.

Combining working, learning and caring

Achmea believes it is important for its employees to have a good work-life balance. In 2019, for instance, parental leave for partners was included in the collective labour agreement. The mother's partner is given four weeks paid leave.

Integrated approach to vitality & good health

Our Healthy Working team aims to inspire and help employees by providing support for their bodies, minds, hearts and souls. Each key location has a team comprised of company physicians, psychologists, physiotherapists, dieticians and work-life coaches. This enables employees to access the right professional quickly, simply and anonymously. In 2019, 4,946 employees made use of a Healthy Working intervention (2018: 4,275) and 1,327 employees decided to take a Health Check (2018: 1,235). In 2019, 40% of the visits to the company doctor were as a preventive measure. This was 71% for the psychologist.

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 2019, 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 15 requests for advice and 16 requests for consent in 2019. Achmea held talks with the trade unions about the current collective labour agreement and the new agreement. After this the Work Code was signed, which aims to create a single job market for all those in employment. Achmea was a co-initiator of this. In addition, a two-year collective labour agreement was agreed. Important topics here include the adjustment from a 36-hour working week to a 34-hour working week with retention of salary as of the start of 2021, a 'step-back scheme', the extension of parental leave for partners to six weeks and an extension of the social plan part 2 by eighteen months.

Preventing undesirable behaviour

We aim to prevent undesirable behaviour, mainly through clear communications on the subject. We have a complaint system for dealing with complaints of undesirable behaviour

ATTRACTIVE AND TRENDSETTING EMPLOYMENT PRACTICES IN A CHANGING JOB MARKET

The job market is dynamic. Digitisation, artificial intelligence and other technological developments are having an impact on how labour is organised. Flexibility is growing and the middle segment of the financial sector has seen a decrease in the number of jobs. Digital platforms are being created that act as brokers in the supply and demand of labour. The working population is ageing and the first signs of tightness are visible on the job market, especially in IT, marketing and data analysis. As an employer Achmea competes with other companies on this job market. The challenge for Achmea lies in being viewed as and remaining an attractive and trendsetting employer on this changing job market. Achmea has adopted several initiatives over the past few years, such as renewing its vacancy website to include a new recruitment system, setting up a desk for interns and conducting an Employer Brand Campaign. It is important that we continue to do this in the future as well.

and more than 20 internal and external confidential advisers for employees. In 2019, the confidential advisers oversaw 75 cases related to undesirable behaviour (2018: 27 cases). One complaint was submitted to the Undesirable Behaviour Complaints Committee in 2019.

Ethical corporate culture

Achmea attaches a great deal of importance to an ethical corporate culture. This is why Achmea conducts an annual systematic integrity risk analysis and a General Code of Conduct applies to all employees. Moreover, employees can follow an e-learning integrity module. Since 2017, about 90% of our internal and external employees have completed this module. Here, employees are given tips on how to recognise integrity dilemmas in their day-to-day work and the correct way to deal with them. Employees also swear an oath or affirmation in which they promise to carry out their work in an ethical and prudent manner.

By integrity (corporate ethics) we mean: acting in accordance with socially-accepted values and norms in general and specifically those that apply within our company. Achmea does not accept any integrity violations that could pose a threat to the financial and other interests of customers and employees or to the continuity and/or integrity of Achmea or the financial sector. Achmea applies a zero tolerance policy on discovery of any integrity violations. The Achmea Integrity and Fraud policy sets out how we control integrity risks. The control of corruption is one aspect of this policy.

we all benefit



InShared: The End-of-Year Reward

It's very simple: as InShared customers prevent damages and InShared keeps costs low, money remains at the end of the year. And InShared simply refunds this to its customers. That therefore makes insurances cheaper.

In 2019, a fantastic amount of over one million remained after all expenses were accounted for by InShared. What a party!



How we create value for our partners

Achmea works with a variety of partners. We cooperate closely with strategic partner Rabobank. In addition, we work with IT partners, insurance brokers, healthcare providers, vitality partners and organisations operating in the social domain. These partnerships allow us to improve and renew our insurance contracts and services.

Achmea and Rabobank

The intensive partnership between Rabobank and Interpolis/Achmea goes back decades and has its origin in the cooperative background of the two companies. Interpolis celebrated its 50th birthday in 2019 and this anniversary was marked by events such as the symposium 'Cooperative leadership in times of change'. Achmea and Rabobank board members played a prominent role at this event.

The Interpolis/Rabobank partnership focuses on assisting customers in the risks to which they are exposed to by providing information & advice, prevention, modern insurance propositions, and responding quickly and adequately in the event of damage or loss. The partnership has yielded a strong position in the Dutch property & casualty insurance market. Our ambition is to build further on this position.

We exploit market potential, for instance by combining all the retail customer insurance products in the Rabobank Banking App. Yet we also do so by developing new propositions, launching services to restrict risk, making daily improvements to the online experience of our customers, as well as via campaigns in which Interpolis and Rabobank refer to each other. Within the Interpolis/Rabobank partnership, joint teams work on further improving services to our customers.

In addition, we are examining whether we can offer (integrated) solutions for the broader issues facing our customers. For instance, in partnership with Rabobank, Interpolis has developed the IkWoonLeefZorg platform, which

helps senior citizens to live in their own homes for longer. We are also working on the first joint customer proposition for sustainable living.

IT-partners

Achmea also works with IT partners in IT management and innovation. Our partnership with Atos relates to the management activities for the Achmea IT platform. The partnership with B3i is an example of cooperation on innovation. Achmea is a shareholder in the B3i consortium of European insurers and reinsurers that works to develop insurance applications based on the blockchain. In 2019, B3i made the first blockchain application for a Property Catastrophe Excess or Loss product.

Partners in innovation

We innovate inside and outside Achmea and together with our partners. We seek partners to implement new business propositions and business models. We work together with partners for the themes of mobility, living, well-being and business. This collaboration is based on equality within the partnership, taking advantage of each other's complementary expertise, reciprocity and a united vision of added value for customers and society. Examples of partners with which we cooperate intensively include Eurapco, Veilig Verkeer Nederland (traffic safety), the Dutch Ministry of Infrastructure and Water Management, Stichting Wetenschappelijk Onderzoek Verkeersveiligheid (traffic safety research), the municipality of Tilburg, Nederlandse Vereniging van Verkeersslachtoffers (victim support) and several provinces and primary schools.

Eurapco

Eurapco is a partnership of eight European mutual insurance companies. These partners are Achmea (the Netherlands), Caser (Spain), Covea (France), Gothaer (Germany),

Länsförsäkringar (Sweden), LocalTapiola (Finland), Swiss Mobiliar (Switzerland) and Reale Group (Italy). Eurapco's activities encompass the exchange of knowledge, skills, resources and management development, always aimed at creating value for the partners. With a view to accomplishing these goals, Eurapco has set up a number of workflows that cover most of the operating companies of its partners and their support functions. New initiatives are developed within these individual groups. We have involved our Eurapco partners ever since we started to participate in the B3i blockchain initiative. This led to a similar initiative to B3i within Eurapco that focuses on risk sharing. Eurapco launched a new app in the summer. This app enables the employees at the different insurers to stay up-to-date on the latest Eurapco news. The annual Eurapco event was held in Apeldoorn at the end of 2019. During this event, several Eurapco workflows presented their experiences, for instance in relation to data, innovation and combating fraud. Furthermore, practical examples were shared of partnerships between Eurapco partners, including an investment by Eurapco partner Gothaer in real estate that Achmea Investment Management is developing.

Well-being at work

In 2019, Zilveren Kruis initiated a partnership with TNO (Netherlands Organisation for applied scientific research) and Deloitte. The idea is to improve health and well-being at work within a network of 15 leading large Dutch employers and to come up with an innovative approach to this. TNO has developed a scientific model that provides insight into how employers can positively affect well-being. This is one way we help employees to stay healthy for longer.

Security and green roofs

WegWijsVR by Interpolis and VeiligVerkeerNederland is the app that allows primary school pupils in classes 5 to 8 to

participate in traffic in a virtual world. Read more on this in the section 'How we create value for society'. Another Interpolis partnership is the collaboration with Groendakcoach. Together with Groendakcoach, Interpolis encourages its customers to turn as many as possible flat suitable roofs in the Netherlands green. Green roofs not only result in less flood damage on flat roofs, they also contribute to a better climate. Read more on this in the section 'How we create value for society'.

Centraal Beheer and NLgroeit

Centraal Beheer is a partner of NLgroeit, a platform on which entrepreneurs help each other to take the next step in their growth. The two partners join forces to contribute pro-actively to the capacity to grow and the continuity of Dutch SMEs. They inspire entrepreneurs and make them aware of their opportunities for growth.

FBTO and AKO

FBTO works together with AKO (Dutch newsagent's shop). AKO store counters hold a display of cards containing premium amounts for a range of FBTO insurance products. Customers buy a card and receive the premium amount. The customer then uses an app to cash the amount and arrange the insurance contract, including the option to extend the insurance if desired.

Woonfonds and Calcasa

Woonfonds works together with Calcasa. Woonfonds customers can now also use the online residential property valuation service by Calcasa when applying for a mortgage. This saves customers time and money. Calcasa calculates the value of the property by looking at the sale prices of comparable homes in the neighbourhood.

Centraal Beheer Algemeen Pensioenfonds (General Pension Fund, GPF)

The Centraal Beheer GPF was set up by Achmea and offers

companies and social partners an alternative for housing a pension schemes. There is a growing need in our society for new pension solutions. Achmea likes to help come up with ways of making pensions future-proof in order to ensure everyone can enjoy the last phase of their lives free from worry. In the Centraal Beheer GPF we combine the forces of pension funds, employers and employees. We attempt to create the best-possible pensions for members by making the most of economies of scale in the administration of schemes and by the prudent and smart management of the combined assets, as well. By sharing the risks and results. And by making innovations possible, such as by continuing investment beyond the retirement date and by combining defined contribution and benefit agreements. A number of new pension funds joined the Centraal Beheer GPF in 2019, increasing the combined assets to €2.0 billion.

Angus Australia

In Australia, Achmea works in local communities together with Angus Australia. Angus Australia is the country's most prominent cattle and beef society. This partnership has resulted in the 'GenAngus Future Leaders program'. This programme helps to train the next generation of leaders in the cattle and beef industry with the aim of strengthening families and communities.

Fairfax Financial and Garanti BBVA

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

together with a view to being able to offer customers an integrated service within a more digital society by developing a direct digital channel.

Achmea continues to seek strategic partners for developing new ecosystems, propositions and business models.

Brokers

Independent brokers are an important distribution partner for Achmea when it comes to commercial customers. Over half of the employers and entrepreneurs in the Netherlands opt for advice and brokerage services when choosing insurance. We offer Avéro Achmea for property & casualty and income protection insurance, Centraal Beheer for mortgages and Zilveren Kruis for health insurance. In the mortgage advice market, via Centraal Beheer, Syntrus Achmea and Woonfonds, we also work intensively with a number of large mortgage consultancy chains, mortgage underwriters and service providers.

Our distribution organisations work closely with selected brokers to create partnerships that add value for customers. We are developing programmes relating to themes such as long-term employability, digitisation and risk management. For commercial Non-Life policies we are improving the professionalism of the co-insurance and underwriting channels through active participation in the Dutch Association of Insurers (Verbond van Verzekeraars). The Netherlands Association of Authorised Underwriting Agents (NVGA), the industry association of independent financial advisors (Adfiz) and the Netherlands Insurance Exchange Association (VNAB) are relevant discussion partners in this process. In the healthcare domain, we make a conscious choice to work with 70 brokers who, together with ourselves, are investing in vitality and healthy enterprise.

How we create value via our processes

In line with our strategy of investing in innovation and digitising our processes, Achmea's IT platform was further strengthened in 2019. Improvements were implemented in processes and systems and in access via our communications channels. We will build further on this in the coming years. We are improving the way in which we give customers, employees and partners access to their information, so that they can continue to work with Achmea in a simpler, faster and secure manner. We will do this by further digitising our services and by converting data into information with the aid of analysis. This will allow us to distinguish ourselves from our peers for our customers and for society. All of this will be done with due care and respect for privacy.

Digitisation thanks to robust IT platform

In 2019, the Microsoft Azure and Microsoft Office 365 clouds were added to our shared IT platform. Both have been configured for Achmea as a secure environment and are managed by Achmea. Components of SAP and the Interpolis and FBTO websites have been migrated to the Microsoft Azure cloud. iDIN has been added as a new method of logging in. All Achmea employees switched to Office 365 in 2019 and the migration to Windows 10 has been started. The security level of Achmea workstations has been raised in order to better protect privacy-sensitive information. The quality and efficiency of the IT management activities have been increased through automation. There were fewer incidents in 2019, in spite of the upgrade of the Achmea workstations and the various cloud migrations. We have initiated adjustments to our administrative systems for the new IFRS 9 and IFRS 17 accounting standards.

Non-Life

We worked again on renewing our retail customer administration systems in 2019. Centraal Beheer and

ARTIFICIAL INTELLIGENCE (AI)

AI is a highly promising technology. Suppliers claim that this technology can learn and take decisions independently. Achmea is deliberately opting to use this technology as a support for employees. One example is Zoë, our digital assistant at the Zilveren Kruis customer contact centre. Employees remain responsible for decisions and we always want to be able to explain these to our customers. We aim to use new technology, such as AI, in an ethically-sound manner. For this reason we are developing a 'moral compass' that challenges us to enter into dialogue on this topic and on its translation to our customers and how we work.

FBTO policies are being transferred to the shared property & casualty platform. Customers can process claims themselves online for a growing number of products. The proportion of online claims has increased. For the commercial market, the 'Zeker in Bedrijf' insurance proposition for large businesses has been renewed and expanded to include agri products. The Interpolis 'Zeker van je Zaak' insurance proposition for small businesses has been moved to the shared property & casualty platform. Centraal Beheer has developed a proposition for Residents' Associations. Since 2019, businesses have the opportunity to conduct a cyber assessment via Centraal Beheer. The expertise service for damage to greenhouses worked with image recognition based on aerial photos in 2019. With the aid of data analytics, we can obtain an idea of the damage to our customers' greenhouses caused by hailstorms. Centraal Beheer has renewed the simple disability

insurance proposition 'Kort en Krachtig' for income protection insurance.

Health

Incorporation of De Friesland's systems into the Zilveren Kruis administrative system has been completed. Moreover, health insurance brands Avéro Achmea and OZF have also been transferred to Zilveren Kruis. As of 31 December 2019, De Friesland's health offices work using the same systems as the Zilveren Kruis health offices. The Zilveren Kruis Zwolle office has been moved to Apeldoorn and Leeuwarden. Digital assistant Zoë has been improved in the customer contact centres. This chatbot helps employees to answer questions from customers on compensation, allowing us to assist customers better and more quickly. The direct authorisation process for customers who use seated means of transport has been digitised and a single national transport agency has been contracted. This yields a more efficient way of working and an improved service to customers. In the Flevoland region, Zilveren Kruis conducted a pilot scheme for a 'budget holder portal' that was developed at national level. This portal offers information to customers who are entitled to a personal budget and offers the option of arranging things digitally.

Pension & Life

The service to pension insurance customers was further improved in 2019. The information on the websites has also been improved, on a range of devices, also for people with a disability. Manual tasks for pension administration have been partially automated. Since 2019, Centraal Beheer customers have online insight into their life insurance contracts and related correspondence. Process improvements mean they can find answers to their questions more quickly. We are also implementing these improvements for customers with

Avéro Achmea life insurance contracts. Medical acceptance for term life insurance contracts is increasingly occurring digitally. For this we use software that supports employees in taking decisions as to whether a medical examination is required.

Retirement services

Achmea Pension Services welcomed new clients in 2019 and the digital customer service was improved. Centraal Beheer customers were also given digital access to annual statements for savings, mortgage and investment products in 2019. In addition, Centraal Beheer improved the digital services for these products. In 2019, Achmea Bank acquired a.s.r.'s savings and mortgage portfolio and a mortgage portfolio was transferred internally within Achmea. The transfer of the Delta Lloyd pension fund portfolio by Centraal Beheer General Pension Fund was completed and the fund welcomed a variety of new clients. A cyber crisis exercise was conducted in collaboration with Pension fund Shell.

International

Union in Slovakia implemented improvements in 2019 in its campaign processing for health insurance. Eureka Sigorta in Turkey launched the 'GOOP Assist' app for road assistance on demand. Achmea Australia migrated its property & casualty system to the Achmea Microsoft Azure cloud in 2019. The adjustment to Achmea's steering in 2019 resulted in a change in the support for the foreign operating companies by the International Division. This division has been dismantled. From now on, support for the foreign operating companies will be provided by Achmea's staff departments and services.

INFORMATION SECURITY

Technology is evolving fast. This yields opportunities but also forces us to deal with new risks. Achmea is therefore investing in information security. The pace of development tells us that we need to keep accelerating in this. This demands more than technical measures alone. Achmea's approach also comprises management of outsourcing, the protection of company-critical data (known as the crown jewels) and awareness among employees.



Woonfonds: Equitable mortgage (Krediethypotheek)

Customers can do more with the Krediethypotheek by getting financial space for personal goals and housing preferences. With sufficient surplus value on their house and sufficient income, customers can take up freely an amount up to an agreed limit and also redeem.

Mr. and Mrs. Custers renovated their home so that they can live longer in their own house.

Woonfonds

How we create financial value

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, both in the short and long term. The majority of the premiums we receive is used to compensate for damage or loss and to pay benefits. For instance, within our health business we pay out 97% of the premiums that we receive to compensate for medical expenses.

Financial performance is important to the continuity of our company. 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 and innovate, as well as on continuity. It is therefore important that we have sufficient funds to be able to absorb any catastrophes properly.

Moreover, we face long-term challenges, such as the historically low interest rates that are squeezing investment returns. Those of our customers who have taken out pension or life insurance contracts with us could continue to be entitled to pension payments for many decades to come. It is therefore essential that Achmea can continue to pay these benefits in the distant future. This is an important reason for wanting to hold a solid capital buffer.

Credit rating agencies and investors also find this important. Our stable results and sound financial reserves enable us to raise capital at favourable terms and conditions. These low financing expenses in turn help us to sell our insurance products on the market at competitive prices.

Achmea is evolving from an insurer into an innovative broad financial service provider. We are doing this in order to make

our company even more future-proof and in order to remain relevant to our customers and to society. This requires capital. Part of this is derived from the profit we make and from the capital we generate each year through the lapse of our pension and life insurance book. As a result, capital is released each year that we can use for developing new insurance products and services. It is therefore important for our company's ability to be future-proof that we generate enough result and capital not only to maintain our reserves but also to allow our company to continue developing so

that we remain relevant to our customers and to society.

OVERVIEW OF GROUP RESULTS

In 2019, Achmea again took important steps towards achieving its long-term financial and strategic objectives in 2019. The operational result increased substantially in 2019 to €547 million (2018: €391 million). This improved result was mainly driven by an increase in the result from Non-Life and our Other activities. The results from Pension & Life



and Retirement Services also increased. Achmea's result therefore continues to evolve towards the result ambitions.

The combined ratio (COR) at our Dutch property & casualty and income protection business improved in 2019 and stood at 95.0% (2018: 95.5%). The operational result increased sharply to €178 million (2018: €97 million), mainly due to premium growth, claims management and higher investment income. In addition, the result over 2018 was adversely affected by the January storms.

Our Dutch pension and life insurance business earned a strong operational result of €363 million in 2019 (2018: €334 million). The result improved due to higher technical results and higher investment results. The premiums have declined in line with our service book strategy. Furthermore, we continued to invest in our IT systems to further increase the flexibility of our execution cost and be able to reduce them in line with expected future expirations in the portfolio. 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 supplementary measures formulated at the time by the Dutch Minister of Finance. Yet a number of our customers do not think this is enough. They have combined their objections and are being represented by an interest group. We did not take them up on this offer as we do not recognise the situation they outlined or the alleged liability. Achmea wishes to continue its policy of dealing prudently with individual complaints. In January 2019, we received a summons from Vereniging Woekerpolis.nl (association that represents customers with unit-linked policies) and the Dutch Consumers' Association. This case is currently ongoing.

The operational result for Retirement Services increased to €30 million in 2019 (2018: €15 million). This increase is

RESULTS

(€ MILLION)

	2019	2018	Δ
Gross written premiums	19,949	19,918	0%
Net earned premiums	19,524	19,685	-1%
Gross operating expenses ¹	2,092	2,211	-5%
Operational result excluding Health Netherlands²	485	263	84%
Operational result including Health Netherlands	547	391	40%
Transaction result	0	175	n.m.*
Result before tax	547	566	-3%
Net result	481	315	53%
BALANCE SHEET	31-12-2019	31-12-2018	Δ
Total assets	89,488	81,816	9%
Total equity	10,191	9,705	5%
SOLVENCY II	31-12-2019	31-12-2018	Δ
Solvency ratio after dividend (Partial Internal Model)	214%	198%	16%-pt
EMPLOYEES IN THE NETHERLANDS AND ABROAD³	31-12-2019	31-12-2018	Δ
FTEs (internal)	13,801	13,714	1%
FTEs (external)	2,590	2,922	-11%

* n.m.: not meaningful

1. Gross operating expenses comprise personnel expenses, depreciation costs for land and buildings for company use and assets and equipment and general expenses, including IT expenses and marketing expenses. These are operating expenses excluding paid and due fees, profit sharing and reinsurance commission, and before the allocation of claims handling expenses and allocated investment costs.
2. The operational result is calculated by adjusting the profit before tax for certain items. These are items 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.
3. The number of FTEs is based on a working week of 36 hours.

largely the result of higher interest results and a one-off fair-value result relating to Achmea Bank's acquisition of a part of a.s.r. bank's operations. Assets under Management at Achmea Investment Management grew further in 2019.

The operational result for our International activities amounted to €22 million (2018: €29 million). The lower result was caused by higher claims as a result of wildfires in Australia and lower health results in Greece and Slovakia due to non-recurring income in 2018. At the same time, we invested in our Canadian online property & casualty business and the result in Turkey increased slightly.

The result of the Other activities segment strongly improved. In addition to the results of Achmea Reinsurance and Syntus Achmea Real Estate & Finance, this segment also contains the financing expenses and shareholder expenses. The improved result can partly be attributed to higher results for Achmea Reinsurance, which profited from positive cost of claims relating to prior years, while 2018 had seen a high cost of claims arising from the January storms. Furthermore, the reorganisation expenses were lower in 2019 than they had been in the previous year. Our health activities contributed €62 million (2018: €128 million) to the result in 2019. A negative result of €26 million (2018: €45 million) was earned on basic health insurance due to the high cost of claims from prior years. The result on the current underwriting year amounted to €66 million (2018: €39 million negative). A positive result of €86 million was achieved on supplementary health insurance. Of this amount, €79 million derives from the current underwriting year (2018: €62 million). In addition, the operating expenses decreased further, partly due to the integration of Zilveren Kruis and De Friesland.

Despite the positive growth of our results over 2019 and prior years, we continue to face significant challenges in the

markets in which we operate. Long-term low interest rates put pressure on traditional revenue models, climate change leads to increased weather-related claims damage and the Health result remains inherently volatile. In this context, we also monitor the developments around the Coronavirus and its possible impact on our business operations, insurance results and the financial markets. The outcomes of this are still uncertain, but are being closely monitored. In light of these challenges, we will continue to invest in our strategy, which is aimed at diversified domestic and international growth and development of new propositions and services, while at the same time staying focused on the need for active claims management and further balance sheet optimisation.

The net result increased to €481 million in 2019 (2018: €315 million). The effective tax rate was 12% (2018: 44%). The effective tax rate was lower mainly due to the fact that we adjusted the deferred tax position in 2018 after a reduction in the corporate tax rate was announced. Last year, this planned tariff reduction was postponed by a year and scaled back, leading to a partial reversal of the reduction

OPERATIONAL RESULT BY SEGMENT	€ MILLION		
	2019	2018	Δ
Non-life Netherlands	178	97	84%
Pension & Life Netherlands	363	334	9%
Retirement Services	30	15	100%
International activities	22	29	-24%
Other activities	-108	-212	-49%
Operational result (excl. Health Netherlands)	485	263	84%
Health Netherlands	62	128	-52%
Operational result	547	391	40%

in the provision for deferred taxes in 2019. Moreover, an adjustment to the IAS12 reporting standard means that the interest paid on perpetuals is also processed via the income statement as of 2019. Combined with the tax-exempt income from Health, the effective tax rate is therefore €66 million.

Income

The gross written premiums remained virtually stable in 2019 at €19,949 million (2018: €19,918 million).

Total retail and commercial premiums at Non-Life Netherlands and International grew further (+5%) due to portfolio growth and premium measures. Internationally, gross written premiums increased for our property & casualty activities in local currency, but were stable in euros due to exchange-rate effects.

Gross written premiums within Health are up slightly (1%) due to a higher premium for basic health insurance and a larger contribution from the Health Insurance Equalisation Fund as a result of higher healthcare expenses in the Netherlands. This increase compensated for the decrease in the number of policyholders. Premiums from supplementary health insurance decreased slightly due to a lower number of policyholders. On balance, the international health activities saw growth in gross written premiums in Slovakia and Greece.

Gross written premiums from Pension & Life insurance activities in the Netherlands decreased by 18% as a result of our earlier strategic decision to stop actively selling pension insurance products in the Netherlands. Total gross written premiums were also lower than last year due to the sale of Irish life insurance company Friends First as of 1 June 2018.

GROSS WRITTEN PREMIUMS	(€ MILLION)		
	2019	2018	Δ
Non-Life	4,104	3,897	5%
Health	14,582	14,435	1%
Life	1,263	1,586	-20%
Total gross written premiums	19,949	19,918	0%

We are increasingly evolving from being a traditional insurer into a broad financial service provider. As a result, we receive a growing portion of our income from sources other than insurance premiums. This income has grown by €40 million to €272 million (2018: €232 million) within the Retirement Services segment. Revenue also increased at SA R&EF: this amounted to €90 million over 2019 (2018: €82 million). Our service propositions continue to evolve. With these services we not only contribute to a healthy, safe and future-proof society through means such as damage prevention, but we also expand our business model.

Operating expenses

Gross operating expenses decreased by €119 million to €2,092 million in 2019 (2018: €2,211 million). This decrease follows mainly from more efficient business operations as a result of measures such as IT rationalisation and digitisation. Expenses are also lower in 2019, in part due to the sale of Friends First and Independer in 2018.

The total number of employees measured in FTE's has decreased slightly to 16,391 (2018: 16,636). In the Netherlands, the number of employees decreased further to 13,414 FTEs in 2019 (2018: 13,772 FTEs). The decrease in the number of employees of more than 350 FTEs is due to the continued optimisation of processes and systems. The largest decreases occurred at Pension & Life and Health as a

result of respectively more efficient business operations and the integration of Zilveren Kruis and De Friesland.

The total number of employees outside the Netherlands increased slightly to 2,977 FTEs (year-end 2018: 2,864 FTEs). This increase is due to the focus on controlled and selective expansion of our market share in the various markets.

Combined with the cost savings realised in previous years, we more than accomplished our objective of cutting expenses by €200 million during the 'Delivering Together' strategic planning period (2017-2019). Based on the normalised gross operating expenses, this means that since the previous zero measurement in the period 2017-2019 we have achieved a cost reduction of €273 million. This is the result of more efficient business operations, achieved through means such as IT rationalisation and the digitisation of business operations, which in part enabled a reduction in the number of employees. Additionally the number of business locations has been reduced in previous years, leading to further cost savings. In the period 2017-2019, the number of FTEs in the Netherlands declined by about 1,850. Partly due to our decision to insource some tasks from a cost perspective, this decrease is slightly lower than our previously stated ambition to reduce the number of employees by 2,000 FTEs in the period 2017-2019.

Investments

Investment income⁴ from our own risk investment portfolio was €1,115 million in 2019 (2018: €1,066 million). Higher realised gains on fixed-income investments and equities, as well as less negative foreign exchange results, had a positive impact on the results compared to 2018. Real estate revaluations were also positive in 2019, but the flattening market sentiment meant these were lower than the previous year.

The increase in the value of our fixed-income securities and interest-rate derivatives in our Dutch pension and life business, caused by fluctuations in the market interest rate, is not directly reflected in the results. All realised and unrealised investment results on fixed-income securities and interest-rate derivatives for own risk are set aside in a Fund for Future Appropriation (FFA). This fund is part of our technical provisions to cover liabilities to our customers with pensions or life insurance policies. As a result of lower interest rates and tighter spreads, the FFA increased by €2.8 billion to €9.8 billion in 2019.

The value of our investment portfolio grew strongly to €50.8 billion (2018: €45.1 billion). This is largely due to the decreased interest rates and tightened spreads in 2019.

CAPITAL MANAGEMENT

Total equity

Achmea's equity increased by €486 million to €10,191 million in 2019 (2018: €9,705 million). Of this amount, €481 million derives from the net result. The increase is also partly due to higher unrealised gains and losses on equities and bonds caused by the higher market prices and the impact of the lower interest rates. Furthermore, repayment of a perpetual bond worth €600 million and a perpetual restricted Tier 1 bond issuance worth €500 million took place in 2019. As both instruments qualify as equity, on balance these events led to a reduction in the amount of equity. In addition,

⁴ 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).

dividend payments on ordinary and preference shares, and coupon payments on hybrid capital limited the increase in the amount of equity slightly.

DEVELOPMENT OF TOTAL EQUITY	(€ MILLION)
Total equity 31-12-2018	9,705
Net result	481
Movement in revaluation reserve	344
Movement in exchange difference reserve	-13
Remeasurement of net defined benefit liability	-18
Dividends and coupon payments to holders of equity instruments and impact capital transactions	-304
Other changes	-4
Total equity 31-12-2019	10,191

A group of members of the Dutch House of Representatives has been working on a legislative proposal (private member's bill 'banning profit distribution by health insurers'). The original legislative proposal would mean that profit distribution by health insurers was no longer possible, as it would lock up a large portion of their capital. The Council of State, the Dutch Central Bank (DNB), the Dutch Healthcare Authority (NZa) and the Authority for Consumers & Markets (ACM) were highly critical of the initial draft of the legislative proposal - over two years ago now - and also pointed out that it will not benefit the functioning of the health insurance framework. The members of the House of Representatives involved have since submitted an amending act for this legislative proposal and presented it to the Dutch Central Bank and the Dutch Healthcare Authority for consideration. These organisations have shared their recommendations on the amending act with the members involved with the legislative proposal. These recommendations are being

analysed by these members and they have communicated their intention to have the Dutch House of Representatives debate the amending act in the autumn of 2019. This debate has not yet taken place.

As our health insurance operations work on a non-profit basis and we have no intention of paying out the result deriving from basic health insurance, we believe this proposal to be unnecessary. Moreover, we do not believe that it is in the interests of our policyholders and healthcare providers, partly because of the potential uncertainty surrounding the funding of innovation.

Solvency II

The solvency ratio increased to 214% in 2019 based on the approved Partial Internal Model and after dividend payments. Before dividend payments the solvency ratio stood at 219%. The increase in Eligible Own Funds (€392 million) and the decrease in the Solvency Capital Requirement (€145 million) are largely linked to the higher equity prices and changes to the modelling and calibration of the internal model for market risk and expense risk for the life business. The issue of two capital instruments (totalling €750 million) combined with the repayment of hybrid capital securities worth €600 million led to an increase in the Eligible Own Funds. The lower market interest rates combined with a decrease in the Volatility Adjustment lead to a higher value for liabilities and therefore an increase in the technical risk for the life business. Moreover, the annual result and dividends from the banking and asset management activities, which do not form part of group solvency, have a positive effect on the own funds.

Since the introduction of Solvency II on 1 January 2016, Achmea has used a partial internal model approved by the regulators to calculate the SCR for the property & casualty and income protection insurance risks in the Netherlands

SOLVENCY II RATIO FOR ACHMEA GROUP (€ MILLION)

	31-12-2019	31-12-2018	Δ
Eligible Own Funds under Solvency II	9,317	8,925	392
Solvency Capital Requirement	4,352	4,497	-145
Surplus	4,965	4,428	537
Solvency II Ratio	214%	198%	16%-pt

and Greece. As of 1 July 2018, Achmea also applies the internal model to calculate the SCR for the market risk for the Dutch entities, with the exception of the health entities. The other risks are defined using the standard formula. Free Capital Generation⁵, with Solvency II as a starting point, decreased slightly in 2019 as compared to 2018.

Financing

The debt-leverage ratio⁶ decreased to 24.9% (2018: 26.5%) due to the achieved result and the redemption of a CHF 200 million loan. In addition, Achmea repaid a €600 million Restricted Perpetual Tier 1 bond and held a dual-tranche issuance of Restricted Tier 1 Notes worth €500 million and Tier 2 Notes worth €250 million, all of which qualify as equity.

The above-mentioned transactions and the higher operational result improved the fixed-charge coverage ratio to 5.3x (2018: 4.4x).

- This relates to the amount of disposable capital that is generated. This is the increase in capital above the Solvency Capital Requirement.*
- Leverage ratio: (non-banking debt + perpetual subordinated bonds) as a percentage of the total (total equity + non-banking debt + perpetual subordinated bonds minus goodwill).*

In the first half of 2019, Standard & Poor's announced it would raise its outlook to 'stable' for all the Achmea entities. S&P's judgement was that Achmea had achieved a stable and improved operational result over the past period. It added that it expects Achmea to maintain both its leverage ratio and capital position at a stable level for the next few months. Simultaneously, S&P affirmed its allocated rating (FSR7) for the Dutch insurance entities. The credit rating (ICR8) for Achmea B.V. remained unchanged at BBB+. The rating (FSR) for Achmea Reinsurance Company N.V. and the rating (ICR) for Achmea Bank N.V. remained unchanged at A-. These ratings were confirmed later in the year.

On 30 September 2019, Fitch affirmed its rating for Achmea B.V. and its insurance entities: A (IDR⁹) and A+ (IFS¹⁰) respectively with a stable outlook. Fitch's rating (IDR) for Achmea Bank N.V. was affirmed at A with a stable outlook.

7. FSR: Financial Strength Rating

8. ICR: Issuer Credit Rating

9. IDR: Issuer Default Rating

10. IFS: Insurer Financial Strength



Zilveren Kruis: Mental health care- online treatment (GGZ behandelings online)

You can already receive psychological help within a few days with 100% online GGZ treatment. There is no travel time and treatment can be scheduled at times it suits the insured.

Online treatment goes through online commands, video calling or a mix of these. With their own telephone, tablet or computer, the insured has online contact in a secure surroundings. In this way, Claire gets the care she needs from a GGZ psychologist.



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Reporting principles

External reporting is an important tool for Achmea in properly informing our customers, employees, business partners and shareholders.

Our reporting comprises three parts:

- 1) Part 1 is the 'Annual Review'. This is aimed at a broader target audience, such as customers, employees, students and interest groups. This part describes our strategy, the progress made in 2019 and our vision of the future. The 'Annual Review' (excluding the appendices) is part of the Executive Board Report as included in part 2.
- 2) Part 2 is the 'Year Report' and among other things contains the financial statements, including the financial results over 2019 and how these compare to 2018, and gives insight into our equity position. This part also contains the Executive Board Report (the 'Annual Review' as included in part 1 is part of the Executive Board Report), the Supervisory Board Report, a report on Governance and risk management.
- 3) Part 3 comprises detailed information on sustainability and appendices to the other parts. The Sustainability Reporting Standards published by the Global Reporting Initiative (GRI) and the Principles for Sustainable Insurance (PSI) to which Achmea has signed up were used as guidelines here.

Our Annual report can be downloaded from our website (www.achmea.nl) from 14 April 2020. 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.

MODIFICATIONS TO THIS REPORT

No modifications have been made to the reporting principles in parts 1 and 3 over 2019. A summary of the changes to the accounting policies for determining our financial results has been included in part 2, Notes to the Consolidated Financial Statements of Achmea B.V.- 1. General accounting policies. We have expanded some sections of the information on sustainability, such as including the carbon footprint for a number of additional asset classes. Furthermore, we have decided to omit the table on responsible investment from now on (previously included in part 3). This table provided insight into the extent to which Achmea uses SRI instruments in its investment decisions. As Achmea almost always uses one of these SRI instruments for its entire investment portfolio, this table redundant.

ABOUT THIS REPORT

The Executive Board of Achmea B.V. is responsible for preparing the three parts that together form our Annual report. The financial statements in part 2 are drafted under the supervision of the Finance department. Responsibility for the content and data contained in the other sections of the report is assigned within the organisation, with a special working group drawn from different parts of the group being responsible for providing the content. The 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. The Audit & Risk Committee of the Supervisory Board makes a recommendation to the Supervisory Board regarding the advice to be provided to the shareholders about the approval of the financial statements.

REPORTING PRINCIPLES

The annual report is compiled in line with Dutch legal requirements. Our Annual report has been compiled in line with the GRI Standards (Core option) of the Global Reporting Initiative (GRI). The Annual review's (part 1) structure is based on the 'International Integrated Reporting Framework' laid down by the International Integrated Reporting Council (IIRC).

DEFINITION AND SCOPE OF REPORTING

The financial information and a portion of the employee information contained in this report have been consolidated for Achmea B.V. and all its group companies. Achmea operates primarily in the Netherlands (which accounts for approximately 95% of its total written premiums, while 81% of its total workforce (fte) are employed there). Due to this strong Dutch focus, most sections of this report only cover 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. Where this is the case, the different scope is indicated.

MEASURING, ESTIMATING AND CALCULATING

The quantitative data contained in the paragraphs on finance and our workforce have been collected in our data management system and in some cases via non-accounting statements which are completed annually by the business units in charge. All information is assessed, and plausibility checks are performed.

AUDITOR'S SCOPE AND LEVEL OF ASSURANCE

Achmea has asked its external auditor, PwC, to audit and assess its external reporting. The level of certainty applicable to the report is shown below.

- PwC has audited the 2019 (consolidated) financial statements. These are included on pages 53 to 189 of the Year Report (part 2 of our external reporting). PwC issued an unqualified audit report with the (consolidated) financial statements on 10 March 2020. The Independent auditor's report can be found on pages 194 to 207 of part 2 (under Other information).
- In addition to the audit of the financial statements, PwC reviewed the sustainability information contained in the Annual Review (part 1 of the external reporting). PwC 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 Annual Review. 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. PwC 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 report and the Glossary for the Annual Review are not under the scope of the assurance report. PwC's assurance report can be found on pages 208 to 210 of the Year Report (part 2).

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 contact details on the last page of this report.

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 on behalf of third parties.

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.

Collateral

An asset pledged by a borrower to secure a loan and subject to seizure in the case of default.

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 paying out more money in claims than it is receiving from premiums. The combined ratio is the sum of the claims ratio and the expense ratio.

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.

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 area of investments, treasury, banking, reinsurance, healthcare providers, intermediaries, and policyholders.

Covered bonds

Debt instruments secured by a cover pool of mortgage loans, which provide bond holders with additional security.

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.

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.

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 more than 95% 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.

Engagement

Engagement (also referred to as 'enhanced 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.

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.

Exclusion (relating to responsible investment)

Exclusion refers to the practice of refraining from investing in specific companies, e.g. 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.

FSC-certified

FSC, 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.

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.

Gross earned premiums

Total premiums on insurance and reinsurance contracts in a given period.

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.

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.

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.

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 (IFRIC and SICs).

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.

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.

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.

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 Investment (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. The United Nations Principles for Sustainable Investment (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. The PSI were launched in 2012. Further information is available in part 3, supplement B. 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 people, international standards and rules, and the expectations of our stakeholders and customers. The principles for a controlled remuneration policy, as set by regulators the Dutch Central 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.

Quality seal for customer-oriented insurance (Keurmerk-KlantgerichtVerzekeren)

Quality seal awarded to insurers that have achieved high standards in services and customer focus. More information is available at www.keurmerkverzekeraars.nl.

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 with pension and life insurance policies in which no new policies are sold and an open portfolio with 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 find 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 in 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 the Dutch Central 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 higher safety margin, 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 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 mainly on five stakeholder groups: our customers, our employees, our (business) partners, our shareholders and society.

Supplementary health insurance

The supplementary health insurance is a voluntary additional cover to the basic insurance cover, covering medical expenses.

Subordinated debt

Loans (or securities) that rank after other debts should the company fall into receivership or be closed.

Third-party companies

Third-party companies include the following Achmea subsidiaries of which the social and environmental aspects are not registered at the central level:

- Eurocross Assistance International
- InShared Holding B.V., InShared Nederland B.V., InShared Services B.V.
- Klant Contact Services B.V.
- OZF (Achmea Zorgverzekeringen N.V.)
- Pim Mulier B.V.
- Actify (Achmea Vitaliteit BV)

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.

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.

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.

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 VCU (Voluntary Carbon Units).

Colophon and contact information

This is the English-language version of the Achmea Annual Review for 2019. 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 Achmea annual reporting can be downloaded from the Achmea website (www.achmea.nl).

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