

Achmea Annual Review 2020



Achmea’s annual reporting comprises two parts. Our aim is to ensure that each of these parts aligns with the specific interests of our stakeholders and to improve clarity and accessibility. Together the two parts constitute Achmea’s integrated annual report.

PART 1 | ANNUAL REVIEW

Part 1 is the ‘Annual Review’. This is aimed at a broader target audience, such as customers, employees and interest groups. In conjunction with the first section of part 2 (Results and developments in 2020), this constitutes the Executive Board’s report and describes our strategy, the progress made in 2020 and our vision of the future. The supplements to part 1 contain detailed information, including related to sustainability. The external auditor has reviewed the sustainability information included in this part on pages 3 to 63 and supplement B, supplement D and supplements E of this part. The assurance report containing the auditor’s opinion can be found on pages 205 to 207 of part 2.

PART 2 | YEAR REPORT

Part 2 is the ‘Year Report’. This part describes the main financial developments. It contains a part of the Executive Board’s report (the ‘Annual Review’, which is part of the Executive Board’s report, is included in part 1), the Supervisory Board report, a report on our Governance, an explanation of our risk management, the consolidated and company financial statements and other information. The external auditor has audited the 2020 consolidated financial statements as included on pages 54 to 173 and company financial statements as included on pages 174 to 187 of the Year Report. The auditor’s report can be found on pages 191 to 203 of part 2 (other information).

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This section of the annual report is aimed at acquainting readers with Achmea as a company. It opens with a word from our Chairman. We also give insight into the composition of our company by listing key data and the main brands. In addition, we outline the most important events of 2020. Further on in the section we describe how we aim to create value for our stakeholders and what are main drivers are.

INTRODUCING ACHMEA

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A WORD FROM OUR CHAIRMAN

Over 200 years of cooperative value creation

2020 was a turbulent and uncertain year, one in which we all found ourselves put to the test both as human beings and as a society. The Covid-19 pandemic affected almost every resident of the Netherlands and we were forced to adapt quickly to a new reality full of uncertainties relating to work, income, health and our social lives. Yet it was also an encouraging year in many ways. Society turns out to be enormously resilient! The same goes for our more than 14,000 colleagues who suddenly found themselves, in a smooth transition, assisting our customers from home. They ensured that we were able to continue our social mission even at a time of enormous uncertainty. As a company with a cooperative identity, we want to contribute to a healthy, safe and future-proof society. This is why we work together with our individual brands, customers and external partners on solutions to social challenges that are too big to be tackled alone. In this way we work to put our strategy 'The Sum of Us' into practice.

Our cooperative identity has been leading in all our actions for the past 210 years. We organise mutual solidarity and are convinced that you can achieve more together than you can alone. With 'The Sum of Us' we emphasise that we can only create material value by working intensively together. Across segments and brands within our company, as well as with external partners and stakeholders, and with other companies, knowledge institutes and universities. This means that we will increasingly work intensively in partnerships. By doing so we can continue to innovate and be of great significance to our customers and to society. With a contemporary

strategy, we fulfil a mission that has been originated from our cooperative origin for more than 200 years.

Multiple social initiatives relating to Covid-19

As an insurer with a cooperative identity, we like to go even further in uncertain times. After all, we're here to help one another. When the world was confronted with the Covid-19 outbreak, our cooperative identity was made visible in our actions. For instance, Achmea Investment Management led the way by calling internationally on major pharmaceutical companies to display solidarity and work together in the fight against Covid-19. Colleagues at Achmea with a background in healthcare can- while retaining their salaries- help out in healthcare services. It is heartwarming to see that this was done. In addition, we accelerated the launch of our online platform Buurtkring, which matches supply and demand for simple requests for help, in order to increase social cohesion.

Based on a corporate culture founded on cooperation and mutual trust, we switched overnight to serving our customers from our homes. In doing so we profited from the investments in IT that we have made over the past few years. Our continued high customer satisfaction ratings confirm that the quality of our services remains as high as ever, even in these turbulent times.

Active on themes that matter to people

Achmea creates value for its customers and for society in a variety of ways. We are active on themes that matter to people's daily lives. Vereniging Achmea, which represents the interests of our many customer members, supports us



in our mission. It puts societal challenges on the agenda that require attention and in doing so helps us to give practical form to our cooperative identity. We have been aware for years that it is of great importance, in addition to offering the best insurance, to also pay attention to prevention and other services.

Our strong brands are active in the domains in which people find themselves in their daily lives and do so by adopting a broad, cooperative view. For instance, Interpolis aims to improve road traffic safety and Zilveren Kruis actively works to keep healthcare available and affordable in future in its capacity as the largest health insurer in the Netherlands. As an example, Zilveren Kruis has joined forces with the Tergooi hospital group to bring 20% of hospital care closer to home (thanks to innovative technology) in the next few years. And in addition to property & casualty products and financial solutions, Centraal Beheer offers 'convenience services' for now and later that can help relieve customers of the burden and make their lives more comfortable. Apart from breakdown service RoadGuard, it offers Klushulp (odd jobs assistance) and the Duurzaam Woongemak service for making homes more sustainable through installing solar panels and

A WORD FROM OUR CHAIRMAN CONTINUED

extra insulation. We believe it is important for us to offer customers an ever-wider range of services within the domains in which we work.

Pension services with social value

Achmea harbours the ambition of becoming the best digital pension provider in the Netherlands. The pension market is changing fast and Achmea wants to be at the forefront in order to anticipate the many developments. And our cooperative approach plays a role here too. We are committed to co-creation with customers, including large and small pension funds. This is already paying off, as our business is growing and our customers are able to value our cooperative signature. Assets under management have increased significantly as compared to 2019. Many pension funds are selecting Achmea Pension Services to implement and administer their schemes. From January 2022 we will also administer part of the pension scheme for Ahold Delhaize, which has no fewer than 90,000 members, and as of the same date we will start administering the pension scheme for Stichting Pensioenfondsen voor Huisartsen (GP pension fund). Moreover, thanks to the acquisition of the company InAdmin RiskCo together with our partner pension fund PGB, we have taken the first step towards creating a new pension administration platform that we will offer to the whole pension sector. The results of our approach are also visible in the growth of the Centraal Beheer GPF, which together with employers and pension funds is working on designing a future-proof and personal pension.

In addition to pension services we conduct broader activities within the institutional market. We are on track in our strategy to merge and expand our mortgage activities and this has already resulted in the first joint mortgage products. Achmea Bank has also acquired the residential mortgage portfolio of BinckBank. This is aligned with our strategy aimed at increasing scale in order to be able to offer customers as much pension as possible for each euro deposited.

The best digital insurer

The role of technology will only grow and we are of course seeing this in our strategy 'The Sum of Us'. We are committed to online and mobile services via our many websites, portals and innovative client contact methods. Furthermore, our customers can benefit from the sound interaction with the brokerage channel via Avéro Achmea and banking distribution via Interpolis and Rabobank. In 2020, this resulted in growth in terms of premiums at the property & casualty insurance business. Moreover, via InShared we demonstrate that an online insurer can be a success. We aim to make the lives of our customers safer, more comfortable and easier via our investment in technology and the smart use of data.

Sustainability is more important than ever

As an organisation with a cooperative identity, we understand that climate change affects everyone. The potential (long-term) impact is enormous. For our customers we see the risks of extreme drought and severe flooding grow by the day. Based on our concept of solidarity, we prioritise sustainability in our long-term

value creation as well. We do this in three different ways.

Firstly, via our products and services. The Interpolis 'green roofs' programme helps customers in times of drought, because the roofs retain less heat, but also in times of heavy rainfall, because they retain surplus water for longer. And the solar panels of Centraal Beheer help customers to improve the energy efficiency of their homes. Secondly, we continue our drive to make our operations more sustainable. Setting ourselves the target of achieving CO₂ neutrality by 2030 more or less forces us to take active steps in this. In Apeldoorn we have placed a further almost 3,200 solar panels for our business operations, bringing the total number in use to nearly 4,000. Our office in Leeuwarden will in future be heated entirely using geothermal heat. As launching customer, Achmea signed a contract for purchasing heat from a new geothermal heat network. Thirdly, we also assume our responsibility as a major institutional investor by pro-actively challenging the companies in which we invest on their sustainability policies. If we think these are insufficiently embedded or implemented, we actively enter into 'normative dialogue' with them in order to encourage them to opt for a more sustainable route.

Covid-19 impacts results but underlying performance is sound

In spite of the challenges of the past year, Achmea has achieved an operational result of €630 million. Covid-19 has affected almost all of our activities. At Non-Life, expenses were higher at income protection and sickness insurance and cancellation and event insurance, although

A WORD FROM OUR CHAIRMAN CONTINUED

this was compensated for by a lower claims for fire and car insurance contracts. The result at Pension & Life decreased sharply, primarily in relation to the uncertainty on the financial markets in the first half of 2020 in particular. At Health, there was a reduction in some of the non-emergency care, and the higher expenses due to Covid-19-related admissions and treatments were also compensated for by additional contributions from the Health Insurance Equalisation Fund. As a result, the financial buffers at Health increased and we will in principle make these available for investment in improving the quality of healthcare and services, but also to keep health insurance premiums affordable.

Partly thanks to our sound operational performance and healthy financial position, we have control over our own future. We continue to contribute to a future in which people stay healthy for longer, live safely and happily, travel smartly and free from worry, are financially fit, work comfortably and engage in carefree enterprise. We do so based on our strategy 'The Sum of Us', with the aid of our strong brands, colleagues, customers and partners. Because only together can we continue to realise our social mission.

Jan van de Berg new Chairman of the Supervisory Board

Chairman of the Supervisory Board Aad Veenman and Supervisory Board member Mijntje Lückerrath will step down at the next General Meeting on 13 April. As of this date, Jan van den Berg will succeed Aad Veenman as Chairman of the Supervisory Board. Veenman has been

a member of the Achmea Supervisory Board since April 2009 and has held the post of chairman for the past four and a half years. Achmea would like to thank him for all his hard work over the past twelve years. In his capacity as a Supervisory Board member, he dedicated himself to Achmea by giving a great deal of his time and energy, as well as through his decisive action. Mijntje Lückerrath's appointment in July 2011 means that she has spent ten years attached to Achmea as a member of the Supervisory Board, and we would like to thank her for her valuable contribution over the years. I wish them both all the best, also on behalf of the Executive Board.

Thank you for the past few years

2020 also marks my last full year as Chairman of the Executive Board of Achmea. As of April 2021 I will step down from this position after more than twelve years. I can look back on an intensive and meaningful period in which we have achieved an enormous amount together. Over four major strategic planning periods - often involving far-reaching decisions - we have evolved into the broad and solid company we are now. We have become considerably less complex, sold or terminated several loss-making activities and become a more compact, more agile organisation. Written premiums have remained on track, and thanks to many years of targeted investment we have taken major steps in mobile and online services and have developed new revenue models. Despite all the changes, we have kept our position as market leader in Non-Life and Health insurance. This has only been possible thanks to the continued high satisfaction ratings from our customers over the years. Our retirement

services strategy is also bearing fruit, with a growing number of customers, more assets under management and results in line with our plans.

At the heart of all this lies our cooperative identity, in which we prioritise solidarity and cooperation. This is embedded in our DNA and fosters our innovative methods and our wish to operate sustainably. And our commitment to earning a sound return that is in turn put back into optimising our services. Always with a focus on and anticipating what is going on in society. We have defined this role in society more clearly over the past few years.

In my role as Chairman I have had the privilege of working with some exceedingly inspiring colleagues over the past twelve years in order to get Achmea to where it is now. I admire their enthusiasm and energy with which they have committed themselves to all our customers largely from home during the past year. This positivity is characteristic of our culture.

With pride I see that as a company we are well positioned for a future full of change. I have every confidence in my successor and current Deputy Chair, Bianca Tetteroo, and in the way she will bring her own style to the task of successfully carrying on this work over the coming years, surrounded by a fantastic group of people.

I would like to wish you all every happiness and all the best.

Willem van Duin
Chairman of the Executive Board

ACHMEA AT A GLANCE

Main activities

Non-Life Netherlands
Gross written premiums

€ **3.7** bn. 2019: €3,6 bn.

Market position¹ #1

Health Netherlands
Gross written premiums

€ **14.3** bn. 2019: €14.1 bn.

Market position¹ #1

Pension & Life Netherlands
Gross written premiums

€ **1.0** bn. 2019: €1.2 bn.

Market position¹ #5

Retirement Services Netherlands
Assets under Management by AIM.

€ **203** bn. 2019: €147 bn.

Market position¹ #4

International
Gross written premiums

€ **1.1** bn. 2019: €1.0 bn.

Misc.

Group key figures

Operational result
(€ million)

630 2019: 547

Solvency (SII)²

208 % 2019: 214

Net result
(€ million)

642 2019: 481

Sustainability³
(MSCI ESG rating)

AA 2019: AA

Gross written premiums
(€ million)

20,175 2019: 19,949

Number of internal employees in FTEs⁴

13,921 2019: 13,801

¹ Insurance activities according to written premiums and Retirement Services to assets under management.

² The solvency ratio before foreseeable dividends and coupons on hybrid capital is 212% (31 December 2019: 219%).

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 and without contract of employment) based on a 36-hour working week was 16,327 FTE as at the end of 2020 (2019: 16,391 FTE).

ACHMEA AT A GLANCE CONTINUED

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.



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 policy.



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.

International brands



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.



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.

2020 IN BRIEF

January

Smoking ban

Smoking is banned at all Achmea offices as of 1 January.



March

Optimum service to customers from home

The Covid-19 outbreak led to nearly all Achmea's 14,000 employees working from home; all eager to provide an optimum service to our customers.

April

Guaranteed healthcare services during the pandemic

Zilveren Kruis guarantees healthcare services during the coronavirus pandemic by paying healthcare providers a continuity contribution. This enables them to continue paying their fixed expenses throughout this uncertain period.

Buurtkring

Achmea launches a mobile platform that matches supply and demand for requests for help with simple tasks in a local area.

July

Achmea takes major step in ambition to become the best digital pension administrator in the Netherlands

Together with PGB, Achmea acquired Inadmin RiskCo with a view to setting up a new pension administration platform aimed at the whole pension sector.

June

Healthcare closer to home

Zilveren Kruis and Tergooi hospitals join forces to provide care in the right locations.

Launch of inclusive term life insurance

A term life insurance policy for almost everyone. Including those who with chronic diseases or dangerous professions; people who are usually excluded.

InbraakBarometer proves its worth

The Interpolis InbraakBarometer (burglary barometer) proves its worth during the pandemic and reveals the increased burglary risk.

May

Achmea appeals to pharmaceutical industry

Achmea Investment Management calls on the pharmaceutical industry to work together to find a Covid-19 vaccine.



October

Milestone in merging mortgage activities

Centraal Beheer launches the Leef Hypotheek, the first product of the new mortgage business. The forces of Achmea Bank, Syntrus Achmea and Centraal Beheer are united herein.

Achmea Innovation Fund invests in reforestation company Land Life Company

Through this investment Achmea aims to meet its own climate targets and help its customers reduce their CO₂ emissions.

Initiative of Syntrus Achmea and Zilveren Kruis to enable senior citizens to live 'together independently'

The two parties will build more homes for single senior citizens, so that they can live happily, healthily and independently at home for longer.



December

Achmea Slovakia strengthens its position with acquisition

Achmea is achieving greater scale and distribution power in Slovakia with the announced acquisition of the insurance company Poštová poisťovňa.

November

Ahold Delhaize outsources pension administration to Achmea Pension Services

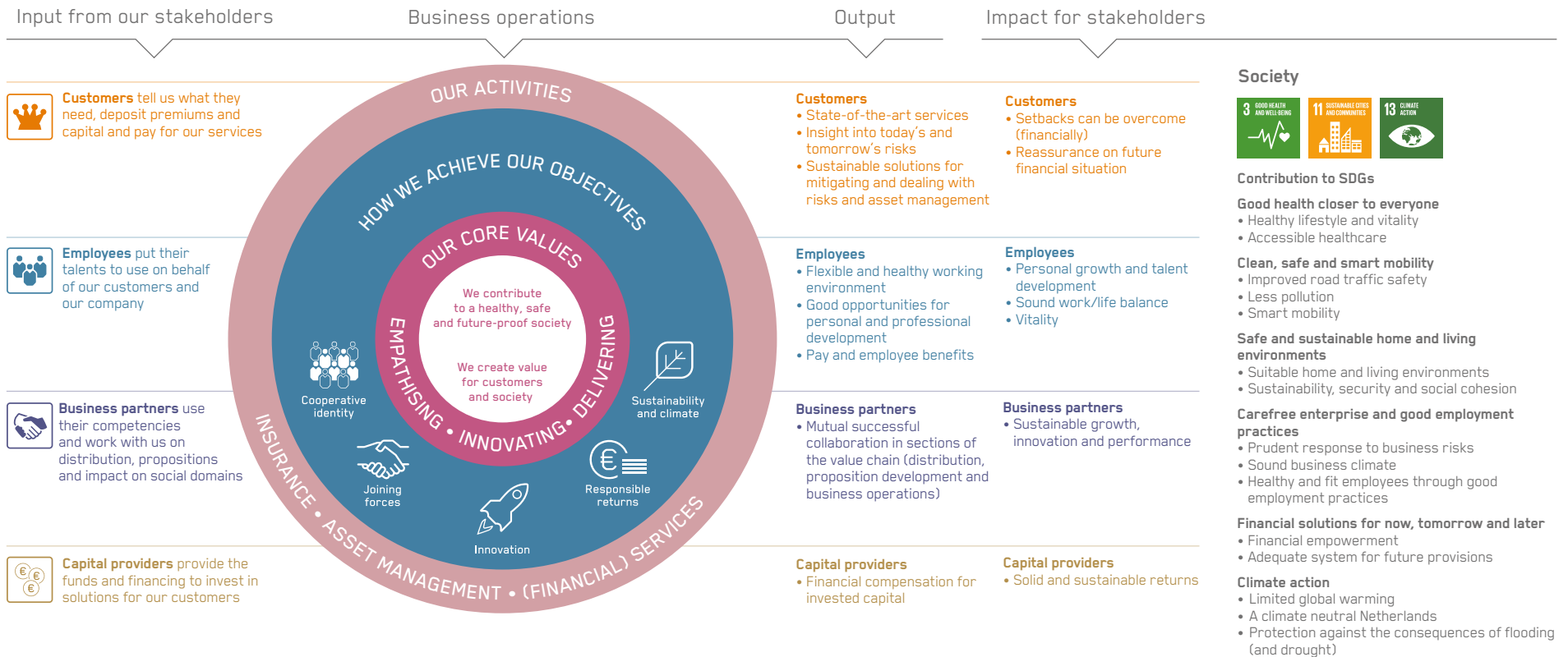
As of 3 January 2022, Achmea Pension Services will administer the pension scheme of 90,000 employees and former employees of Ahold Delhaize companies in the Netherlands.

Achmea Bank acquires portfolio of Dutch residential mortgages from BinckBank

The acquisition of this €460 million portfolio is aligned with Achmea Bank's strategy of growth and boosting the scale of its activities.

OUR VALUE CREATION

Our value creation model depicts the relationship between the input from stakeholders, our business operations, the output and the resulting impact that Achmea achieves for stakeholders and society. Our mission and core values- Empathising, Innovating and Delivering- are an important foundation for what we aim to accomplish and for the way we work (you can read more on this in the chapter Our mission). The dialogue we conduct with our stakeholders provides direction to the strategy in the shape of the goals we wish to achieve. We do this via our activities as a financial service provider (you can read more on this in the section Context and Strategy). The value creation model also shows how we create value in the long term. There may be overlap in the impact for stakeholders and society. Furthermore, in conducting our activities we aim to target the impact on our strategic focus areas and Social Development Goals (SDGs). Please see the section Objectives and results for more information on this.



OUR MISSION

A healthy, safe and future-proof society

Achmea aims to provide solutions for risks faced by individuals and by society. We do so based on our mission to contribute to a healthy, safe and future-proof society. In particular, we wish to distinguish ourselves in five strategic domains:

- 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 based on our environmental analysis.

In line with and in addition to these, 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 focus SDGs: SDG 3 (Good health and wellbeing), SDG 11 (Sustainable cities and communities) and SDG 13 (Climate action). These SDGs are closely related to the five strategic domains, close to the core of our company and can encourage innovation and growth.

Relevant to customers and trendsetting

We aim to help customers by giving them insight into risks, an overview of their situation, options for preventing risks and a plan of action in order that they can make choices aligned with their options. The world around us is changing fast and contains

new uncertainties. We want to respond to this by providing modern products and services. This enables us to remain relevant to our customers. We aim to be trendsetting by making our propositions accessible via modern distribution channels, with digital and personal interaction. We strive for innovation through the use of innovative technology and data. Convenience and comprehensibility are an inherent part of this. In addition to insurance, we offer solutions that provide for or contribute to social goals.

Cooperative shareholders

Nearly 65% of our ordinary shares are in the hands of Vereniging Achmea, while 30% are owned by the cooperative Rabobank. The remainder of the ordinary shares are held by similarly-minded, mainly cooperative financial institutions elsewhere in Europe. This means that our cooperative identity is guaranteed among our shareholders as well. 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. Expertise is an important basis here. This is why we continue to invest in the personal development of our employees and in improving our services.

Climate change

Climate change is a key sustainability theme containing major social, economic and financial challenges. It also touches on all three focus SDGs. The effects of climate change are visible all around the world, from bushfires

in Australia and California to lengthy periods of drought and extreme precipitation in the Netherlands. It is essential to restrict the increase in global temperatures to 1.5-2 °C in order to avoid us facing uncontrollable risks. Contributing to a healthy, safe and futureproof society means that we also want to assume responsibility for achieving global climate goals. As an insurer and service provider, we wish to contribute to resilience to the risks posed by climate change and support the energy transition. As an investor we aim 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. We want 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 policies 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.

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

CONTEXT AND STRATEGY

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OUR ENVIRONMENT: TRENDS AND DEVELOPMENTS

We live in a world in which Covid-19, new technologies, demographic trends, and economic and political changes are creating new risks and opportunities. In this chapter we outline significant developments in the world around us as we see them. We have subdivided these developments into five groups (see figure below).

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

Customers are becoming ever more demanding, including when it comes to insurance. We are witnessing a growing interest in sustainability, in investments and in

the products and services we offer. How we are in touch with our customers is also changing: much more of the contact now takes place digitally or via platforms. And finally, other risks are becoming more relevant- such as risks relating to cybersecurity and climate change. This is leading to new demands being made of insurers.

On the supply side: new entrants and different supply models

Market boundaries are becoming blurred and new entrants are emerging on the Dutch insurance market. These include foreign insurers and investors, but also

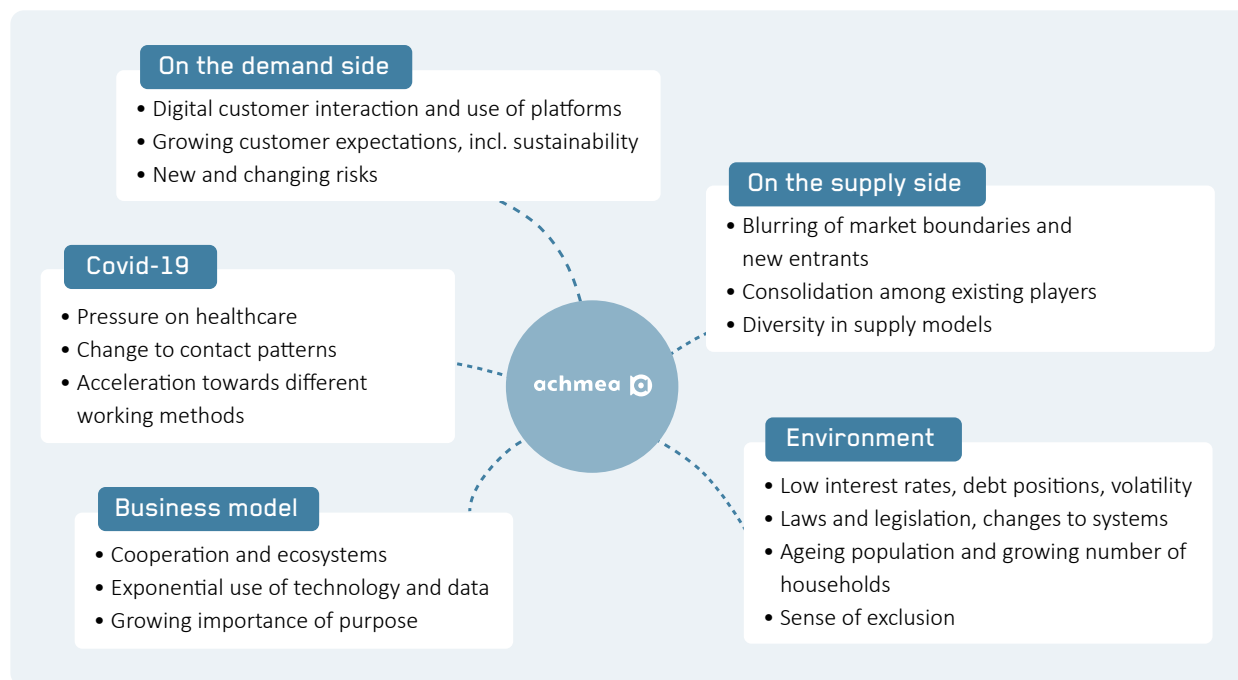
tech companies and insurtechs. This is leading to further consolidation in some sections of our market. A wider variety of supply models is being created as well, from niche players to broad providers, and from traditional to digital players.

Covid-19: impact on healthcare and society

The Covid-19 crisis is not only having an impact on healthcare, but also affecting private individuals and businesses in terms of both current income and future earnings capacity. We are also seeing a change in the way people and businesses contact each other and in the frequency of contacts. This is resulting in fewer physical journeys and different forms of cooperation. It is not yet clear whether these changes will be permanent.

Environment: low interest rates, new legislation and demographic trends

The low interest rates, higher levels of government, business and personal debt, and volatility on the financial markets are affecting our customers and our company. We are also seeing the impact of new laws and legislation, such as IFRS 17 and climate-related regulations, including the Sustainable Finance Disclosure Regulation (SFDR), and changes to the healthcare and pension systems. The ageing population and growth in the number of (single-occupancy) households will affect demand for retail insurance policies. Another huge impact on our society comes from the growing sense of not being heard or not sharing in progress.



OUR ENVIRONMENT: TRENDS AND DEVELOPMENTS CONTINUED

Impact on the business model in the sector

The trends and developments listed here do not exist in isolation but exacerbate each other. This therefore also affects the business model in the insurance sector and beyond. A growing number of companies are working in partnerships in order to meet the demands of customers and society. Changes relating to new technologies and the use of data are occurring at an ever faster rate. Quite apart from this, we are seeing a growing number of companies reflecting on their impact on society: their purpose.

Impact on Achmea

The trends and developments listed above are generating a challenging context that compels us to continually revise our response. In combination with themes like those that emerge from discussions with our stakeholders (see next chapter), what happens in our environment helps to determine our strategic choices and the speed at which we are able to put our strategy into practice (you can read more on this in the chapter Our strategy).



IN DIALOGUE WITH OUR STAKEHOLDERS

We maintain 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 contacts via customer councils, customer panels, policyholder councils and Vereniging Achmea and we organise roundtables and hold online surveys.

Each year, Achmea's directors conduct wide-ranging meetings with our external stakeholders on social

themes during a 24-hour Directors' Council. We were unable to hold this in 2020 due to the Covid-19 restrictions. Given that a reasonably consistent picture has emerged in the past few years of those themes identified as important, we decided to take the input from previous years as our starting point.

Achmea's options for action on social themes were also analysed and explored in greater detail with Vereniging Achmea in 2020. This was done within theme-based working groups, in which members of Vereniging Achmea and Achmea employees work together. In 2019, there were working groups on the themes of

Safe businesses, Future-proof (focusing on Climate and Living and Wellbeing). The recommendations of these working groups were presented to the Council of Members of Vereniging Achmea and subsequently discussed in the Executive Board, accompanied by advice from the organisation. In mid-2020, the 2020 working groups started with the following themes: The whole of the Netherlands vital, Burglary-free Netherlands and 'Buurtkring'. These working groups will present their advice and recommendations in 2021.

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

We talk to our business partners during bilateral business meetings. In addition, via Achmea Corporate Relations 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.

What do our stakeholders believe to be important?

Our stakeholder contacts tell us which themes the stakeholders believe to be most important to Achmea. We have summarised these in material topics. In 2020 we were unable to test and expand on these in the

Vereniging Achmea strengthens the cooperative foundation of Achmea

Vereniging Achmea is the association for all our customers and our largest shareholder. It represents the shared interests of Achmea's customers. All of Achmea's customers are also customer members of Vereniging Achmea. Vereniging Achmea is a not-for-profit association and has 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's business operations via the Council of Members. This gives Achmea customers a unique position compared to the customers of many other companies.

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

IN DIALOGUE WITH OUR STAKEHOLDERS CONTINUED

dialogue sessions held as part of the 24-hour Directors' Council meeting. However, we did conduct an extensive online survey among a large group of stakeholders with a broad social background. The survey included a range of questions about our role in society. In addition, we presented a number of material topics to our stakeholders. We identified fourteen material topics that are aligned with our strategic focus. These topics, described in brief on the following pages, are largely in line with the material topics of previous years. We have added three topics as these match our strategic choices: 'Customer satisfaction', 'Safe and sustainable home and living environments' and 'Sound business climate'. Moreover, we have omitted the two topics of 'Ageing

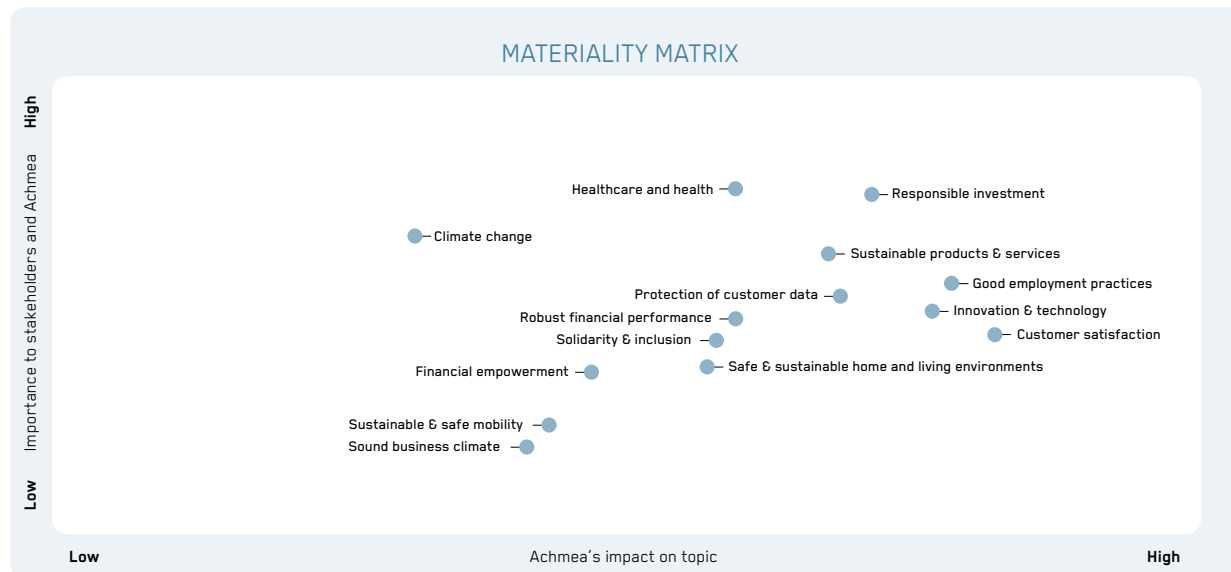
population' and 'Low interest rates', as these have the character of an environmental variable. The wording of some of the material topics has also been refined.

The results of the online survey conducted in 2020 show that our mission 'Achmea wants to contribute to a healthy, safe and future-proof society' is one that appeals to people. With respect to the material topics, we see a picture consistent with the stakeholder surveys and dialogues of the past few years. Surveys in 2020 and previous years show that stakeholders view 'Healthcare and health' as extremely important. The same applies to 'Climate change' and 'Responsible investment'.

The materiality matrix below demonstrates how stakeholders and Achmea rate the importance of each topic (Y axis) and how Achmea assesses the extent of its impact on that topic (X axis).

The fourteen material topics are described as follows:

- **Responsible investment:** responsible investment means that in addition to the financial return the investment process takes special note of the impact on human rights, social conditions and health and on nature, the environment and the climate.
- **Climate change:** the changing climate affects insurers in a variety of ways. There is more damage or loss caused by extreme weather. In the longer term, investments in sectors comprising fossil fuels will become riskier due to a potential loss of value. To help prevent climate change, we need to reduce CO₂ emissions and use less or cleaner energy.
- **Healthcare and health:** new medicines, treatments and other medical innovations mean that more is possible, but healthcare is also becoming more expensive. Insurers have a responsibility to keep healthcare affordable. This can be accomplished via prudent health procurement, but also by promoting a healthy lifestyle and encouraging healthcare innovations such as e-health.
- **Robust financial performance:** a robust financial performance is essential for insurers to be able to meet long-term commitments to their customers, but also to invest in the future. This demands we strike a balance between administrative costs, profits and solvency on the one hand and premium levels on the other.



IN DIALOGUE WITH OUR STAKEHOLDERS CONTINUED

- **Protection of customer data:** customer privacy is an important topic. Data are the property of the individual customer. Careful handling of data and protection against theft, data leaks and IT failures are essential to customer confidence in an insurer.
- **Solidarity & inclusion:** insurance is a form of organised solidarity: via your insurance premium you make it possible for yourself, but also for others, to receive compensation for damage or loss, to receive pension benefits and to have healthcare expenses paid. Solidarity in insurance is lost if premiums are based too much on individual risks. This could potentially lead to greater inequality in society and to less prosperity.
- **Innovation & technology:** technological trends are enormously important to services. They enable customers to get in touch using whichever channel suits them best and at any time of the day or night. Big data offer new opportunities for better estimating risks and can form a basis for customised recommendations for prevention. The protection of privacy and clear communications on the use of big data are essential here.
- **Financial empowerment:** trends in social security, the pension system and changes to the job market mean that many people enjoy less security about their financial future. In the event of a reduced role for the public sector and changes to the social and pension systems, people need to arrange more for themselves. In this case, insight into future requirements and into financial risks is more important than ever.
- **Sustainable & safe mobility:** the Netherlands faces enormous challenges in relation to mobility, accessibility and reducing CO₂ emissions. The advent of driverless and electric vehicles could provide a fresh impetus to solving mobility and climate problems. Moreover, road traffic safety can be improved further in the Netherlands: there are regular accidents and more young fatalities. For an insurer it is also important to respond to new developments and increase awareness of dangerous traffic situations.
- **Good employment practices:** as employees constitute the beating heart of a company, it is important for Achmea to be a good employer. This means investing in e.g. the personal development and education of employees, a safe and healthy workplace, long-term employability, sound terms and conditions of employment and a workforce that encompasses the full spectrum of diversity.
- **Sound business climate:** a sound business climate is an important pillar of our economy. Insurance and services can help businesses to prevent and absorb damage or loss as much as possible. Insurance against illness and disability, and services relating to pensions, safe and healthy working practices help businesses to create sound working conditions.
- **Customer satisfaction:** an insurer needs to be relevant to the daily lives of its customers. This means standing ready to assist customers, rapid and good customer service, transparency on expenses and rates, but also offering appropriate advice- for instance on how to prevent damage or loss.
- **Safe & sustainable home and living environments:** our quality of life is greatly affected by our immediate living environment. Many factors play a role here: general living conditions, security, sustainability, social contacts, accessibility and amenities such as shops, schools and public parks and green spaces. Insurance and services can contribute to this in a number of ways.
- **Sustainable products & services:** advice, services, financial products or insurance policies that contribute to solving social and environmental problems and that encourage and/or help customers to make e.g. their homes, mobility or business more sustainable or to lead a healthier lifestyle.

How we have incorporated these topics into our strategy is outlined in the chapter entitled Our strategy. In the Objectives and results section we list examples of how we deal with these material topics. Supplement F contains a connectivity table that depicts how the material topics are embedded in the strategic pillars of our strategy and how we manage these material topics.



CALCULATING TRAVEL AND HEALTHCARE INSURANCE PREMIUMS USING GOOGLE ASSISTANT

Growing numbers of people in the Netherlands use a Google Assistant. A simple 'Hey Google' activates the app on your home Google device. Google has long been accustomed to hearing phrases and questions such as 'Switch on the lamps downstairs' or 'What's the weather going to be like tomorrow?'. Now there's a new one! 'Talk to FBTO.' At FBTO, customers can calculate their premiums for travel and health insurance policies with the aid of Google Assistant.



OUR STRATEGY

THE SUM OF US

We focus on creating value for our customers and for society via our 2025 'The Sum of Us' strategy. One prerequisite for this is earning responsible returns in order to be able to continue investing in further strengthening our company and boosting our competitive position. Over the next few years, we will reinforce our cooperative identity and aim to benefit from our unique combination of insurer, service provider and asset manager.

WHERE DO OUR CHALLENGES LIE?

The Covid-19 pandemic broke out shortly after we had set out our new strategy. The impact on both society and the economy is enormous. The advent of a vaccine brings hope, but uncertainty persists with regard to how the virus will evolve and how it will affect the economy. Our strategy has proven to be robust, even in the context of Covid-19. At the same time, digitisation, renewing business models and scaling up new activities still demand our attention. We are developing new working methods and practices that are in keeping with the present circumstances.

This all requires considerable effort and investment. Furthermore, we seek to achieve a balance between long-term value creation and complying with short-term financial constraints.

THE FOCUS OF OUR STRATEGY

Over the next few years, we will carry on putting the spearheads and focus areas of our strategy into practice.

We are finetuning our social goals and developing initiatives aimed at giving our cooperative identity a fresh impetus.

A broad value programme will help us remain relevant to our customers and realise our social ambitions. The aim is to consolidate our balance sheet and create greater capacity for absorbing setbacks, allowing us to reinvest on behalf of our customers and society.

GROWTH STRATEGY

Our explicit ambition is to achieve growth. In this respect we anticipate major contributions from Centraal Beheer in the retail customer and SME markets, as well as from FBTO in the retail customer property & casualty market. At Interpolis we are boosting our position in the retail customer and SME markets via Rabobank. The focus at Retirement Services is on autonomous and non-autonomous growth in the institutional market, while we are working to achieve growth in the open book at Pension & Life. At Health, our aim is a market share of 5 million policyholders. Outside the Netherlands we are focusing on growth in those countries in which we already operate and exploring new markets.

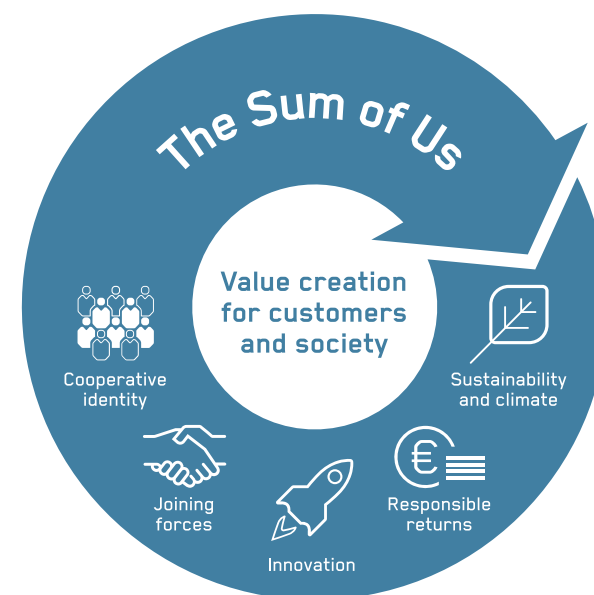
FINANCIAL STRATEGY

Customers, employees, shareholders, regulators and rating agencies expect us to occupy a robust financial position. We seek to further improve our financial results, generate more capital and - backed up by balance sheet optimisation - free up a larger amount of capital. The aim here is to create greater capacity

for investing in renewing our company and absorbing setbacks. This will allow us to remain financially robust, flexible and resilient, yet still take into account who we are. All the while applying enough caution to withstand volatility on the financial markets and in our results.

THE PILLARS OF OUR STRATEGY

We aim to implement our 'The Sum of Us' strategy via five pillars (see figure). These pillars are explained in brief below. Supplement F contains a connectivity table that depicts how the material topics listed in the 'In dialogue with our stakeholders' chapter are embedded in the strategic pillars of our strategy.



OUR STRATEGY CONTINUED

Joining forces

No other financial service provider in the Netherlands has such a unique combination of products and services as Achmea. We can better serve our customers and connect domains by working more closely together within Achmea and with our partners. Using the full breadth of our products, services and distribution strength enables us to develop new products and services at the interface where income and health, healthcare and living, and financial solutions meet.

We work together with partners in order to assist customers better and accomplish social ambitions together. To do so, we are creating an even broader range of products and services, as well as boosting our future distribution capacity. This will also allow us to play

a more significant role on the platforms that customers use. Rabobank is and will remain an important partner for us. Via Interpolis we aim to become even more relevant to Rabobank customers. We are using our partnership even more widely in order to consolidate our joint position in the market.

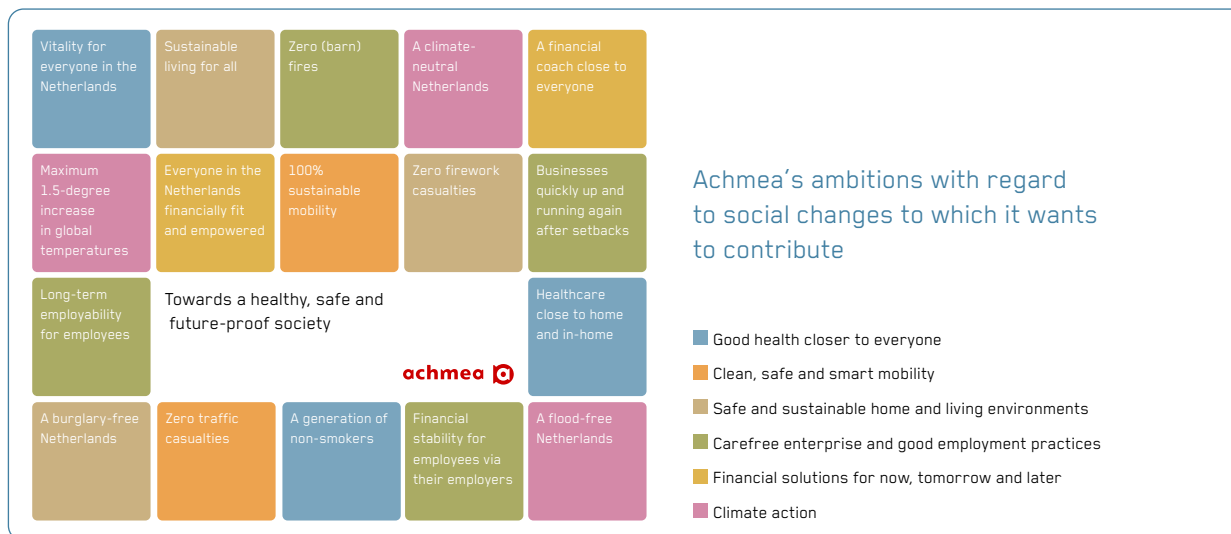
Cooperative identity

Together with Vereniging Achmea we give a modern twist to our cooperative identity and to those of our brands. We do so along the following lines: value for customers, value for society and the values that form the basis for our actions.

Value creation for customers is achieved using the latest in modern propositions. We offer the option of

risk sharing in our insurance policies. Via our asset management and (financial) services, we provide customers with appropriate solutions that go beyond insurance. We create value for society in six domains in which we want to make a difference for our customers and for society. The ambitions we have set each set a tangible long-term goal of the social changes to which we wish to contribute (see figure below). These are long-term ambitions and we cannot achieve them alone. New partnerships, including some which have not yet been fully developed, will help us to do this. Moreover, we have spent years contributing to achieving social goals outside our focus areas.

We take our cooperative values as a basis for our actions and aim to realise long-term value creation. This combination will enable us to make a difference to our customers and to society in a very modern way; it is a combination that makes us unique.



OUR STRATEGY CONTINUED

Responsible returns

We aim to earn responsible returns in order to invest in renewal and in our social ambitions. In doing so, we seek to strike a balance between short-term results and long-term continuity. Robust financial results are important to

being able to invest in our social ambitions. We launched the 'value makers' programme with a view to doing things more smartly and efficiently, further optimising our balance sheet management and reducing the amount of capital that is currently tied up. In tandem with this, we

are strengthening our performance management in order to be able to make timely and targeted adjustments in the event of setbacks. We invest in innovation and growth, in keeping with our cooperative identity and the social impact we aim to achieve. All this is summarised in our value creation model.

Pension agreement offers members access to modern pension schemes

The Dutch government reached a pension agreement with unions and employers in June 2020. This agreement contains new arrangements on workplace and state pensions. In December 2020, the government published a draft legislative proposal for the purposes of consultation. The new arrangements constitute a major step towards creating a more personal pension while retaining important group and solidarity elements. It is an enormous step for all funds to switch to defined contribution schemes and to scrap the uniform contribution and accrual system. We believe that this offers a wider range of options for accruing a good pension at an acceptable price and that it is more closely aligned with today's job market. The new pension system means that from 2026 there will only be defined contribution schemes. Achmea Pension Services already has long experience of designing and administering defined contribution schemes based on the Improved Defined Contribution Scheme Act (WVP, Wet verbeterde premieregeling). The WVP is one of four future defined contribution schemes. We will be happy to share our practical knowledge of administering such schemes and our experience of the WVP to help the sector further. We think it important for all pension funds to have access to the additional

elements contained in the new WVP+. The four future defined contribution schemes are otherwise similar in many respects. This is what makes it so important to examine the differences between the schemes and incorporate these elements as far as possible into legislation. This approach will simplify the future of pensions in terms of administration as well. Together with our experts we want to offer our customers optimum assistance on the transition to the new schemes. Moreover, we recommend that social partners and pension funds focus on consistent and unambiguous communications on pensions. A start can be made on this in the coming months as more and more information is released on the new legislation. We will be happy to support them with advice on communications.

We are persuaded that the transition to defined contribution schemes and the scrapping of the uniform contribution and accrual system will in future yield members many more options for appropriate solutions in living, health and pension. Achmea believes it can help to keep pension scheme members financially fit. And support them via smart, innovative data-driven applications that offer insight into their overall financial situation. This will help members with the financial decisions they need to take.

Innovation

Innovation is essential to the implementation of our strategy. This primarily involves the ongoing digitisation of all aspects of our company. We plan to make smarter use of new technology and data in order to structure our processes more efficiently. Innovation also helps us to further improve our services and offer our customers greater convenience. A good example of this is conducting some healthcare services remotely. In doing so, we feel a responsibility to apply great care and transparency when dealing with the personal details and data entrusted to us. We are developing new business and distribution models or seeking to align ourselves with initiatives elsewhere.

DEVELOPING THE ORGANISATION AND OUR EMPLOYEES

The commitment and enthusiasm of all our colleagues is crucial to accomplishing our strategy. We provide opportunities for learning, aim to improve employee skills in data and technology and enhance awareness of our cooperative identity. By doing so we encourage creativity and innovation that derive from our stated purpose. Furthermore, we are developing new working methods in order to facilitate working from home.




This section of the annual report provides insight into Achmea's objectives and results throughout 2020. We do this for the individual stakeholder groups listed in the chapter Our value creation and based on the strategic focus areas discussed in the chapter Our strategy. In addition, we list the initiatives in 2020 to contribute to the SDGs.

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HOW WE CONTRIBUTE TO THE SDGS

Achmea wants to contribute to achieving the United Nation's Sustainable Development Goals (SDGs). These 17 SDGs form the 2030 Worldwide Agenda for Sustainable Development. We view all 17 SDGs as important, but our role as an insurer, investor and financial service provider means we are in an excellent position to contribute successfully to three SDGs. These are SDG 3 (Good health and well-being), SDG 11 (Sustainable cities and communities) and SDG 13 (Climate action). The table shows how Achmea contributes to the SDGs and their underlying targets, as well as listing our initiatives in 2020 and making the link to our strategic focus areas.

SDG	Achmea's contribution	Initiatives	Link to strategic focus areas
 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Good health and well-being</p>	<ul style="list-style-type: none"> Actively supporting and publicising anti-smoking campaigns (SDG 3.5) Actively contributing to improving road traffic safety (SDG 3.6) Organising affordable and good healthcare for all (SDG 3.8) 	<ul style="list-style-type: none"> Healthcare continuity contribution AutoModus, PhoNo Smoke-free workplace Covid-19 investor statement Big Pharma Insuring vulnerable groups of consumers 	<ul style="list-style-type: none"> Good health closer to everyone Clean, safe and smart mobility Carefree enterprise and good employment practices
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Sustainable cities and communities</p>	<ul style="list-style-type: none"> Insight into climate risks for well-founded decisions on climate adaptation (SDGs 11.3 and 11.b) Adaptation and biodiversity in cities (SDG 11.6) Electric car pooling initiatives (SDG 11.6) Making real estate more sustainable (SDG 11.6) 	<ul style="list-style-type: none"> Boekel ecovillage Green roofs We Drive Solar BlueLabel Solar panels for customers and for our business operations 	<ul style="list-style-type: none"> Clean, safe and smart mobility Safe and sustainable home and living environments Good health closer to everyone
 <p>13 CLIMATE ACTION</p> <p>Climate action</p>	<ul style="list-style-type: none"> Reduction of our own carbon footprint (SDG 13.1) Socially Responsible Investment (SDG 13.2) Sustainability communications (SDG 13.3) 	<ul style="list-style-type: none"> Solar panels for our business operations Geothermal energy at the Leeuwarden office Employee mobility policy Participation of Achmea Innovation Fund in Land Life Company Exclusion policy for fossil fuels; green bond portfolio 	<ul style="list-style-type: none"> Climate action (responsible investment and corporate social responsibility) Safe and sustainable home and living environments Clean, safe and smart mobility Carefree enterprise and good employment practices



ACHMEA AND COVID-19

The Covid-19 pandemic has also demonstrated that we can provide support to our customers and to society in a wide variety of ways. The enormous impact of the pandemic prompted Achmea to install a Covid-19 crisis team containing several workflows, including the Society workflow. This workflow, chaired by the deputy chairman of Achmea's Executive Board, is aimed at initiating and coordinating Covid-19-related social activities. A number of these and other initiatives in that context are listed below.

Healthcare-related initiatives

In addition to the huge pressure on healthcare, the pandemic has led to financial uncertainty for healthcare providers. Zilveren Kruis and other health insurers worked together on schemes to guarantee continuity of healthcare services for hospitals and other healthcare providers. The idea was to prevent the provision of care from being unnecessarily burdened with financial uncertainties or red tape.

At the same time, Achmea enabled all employees with BIG registration to retain their salaries while temporarily working in the healthcare system. A number of Zilveren Kruis employees were given the opportunity to help out the Red Cross. With a view to encouraging voluntary work at this time in particular, paid societal leave was doubled from four to eight days. Moreover, employees from Zilveren Kruis, De Friesland and Financial Services telephoned older customers.



Interpolis responded to the mental health aspects of the pandemic with 'OpenUp', an initiative to offer psychological help in an easily-accessible and

anonymous manner for those with stress and burnout symptoms. In collaboration with a wellknown trainer, Union offered workouts to keep customers in Slovakia fit.



ACHMEA AND COVID-19 CONTINUED

Initiatives aimed at supporting our customers

The Covid-19 crisis meant that some customers were confronted with a sudden drop in income. In order to support and help these customers as much as possible, we talked to them about payment plans, for instance for customers with pension or life insurance policies. Customers who could no longer



pay their mortgages due to the Covid-19 crisis have also had their repayments deferred. Centraal Beheer supported businesses with a range of initiatives, including a special webpage 'Running a business at a time of crisis', which contains more information on business continuity and running a business during the Covid-19 crisis. Podcasts, interviews and an article on working from home were also published. We talked to businesses via social media and in collaboration with experts and together with Vakmedia wrote an article on all the economic measures taken by the Dutch government.

We also sought dialogue with businesses on business continuity. Together with MKBDoorgaan, Centraal Beheer took the initiative to form a coalition of parties from the public and private sectors. The aim is to help businesses that are (temporarily) experiencing financial difficulties.

Other initiatives

Schools were closed during the first and second wave of Covid-19 and pupils had to have lessons remotely. It turned out that many thousands of children had no laptop, computer or tablet at home, meaning that they were unable to participate in the lessons. Achmea made used laptops- 1,000 in total- available for these children.

At the same time, at the initiative of employees a crowdfunding campaign was started to surprise primary school pupils from underprivileged backgrounds with drawing and craft materials.

In addition, in partnership with our caterer Sodexo and cleaning company Vebego we presented the homeless with hygiene kits. Buurkring was also launched.



HOW WE CREATE VALUE FOR SOCIETY

Achmea wants to contribute to a healthy, safe and future-proof society. We do this via our insurance policies, services and investments, and also via our own business operations. This chapter explains how we put this into practice.

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, it is about eating well, exercising, socialising and feeling like you belong. We want to help and support our customers in this.

In 2019, Zilveren Kruis initiated a partnership with TNO (Netherlands Organisation for Applied Scientific Research) and Deloitte. The idea is to use an innovative approach to improve health and well-being at work within a network of 15 large Dutch employers. TNO has developed a model that provides insight into how employers can positively affect well-being. This is one way that we help employees to stay healthy for longer. In 2020, the network shared thoughts and ideas about the consequences of working from home for their own employees, particularly in terms of their vitality.

Interpolis also works to promote mental health. Stress and burnouts are common problems among millennials, as demonstrated by research conducted by Ipsos on behalf of Interpolis. Typical complaints include fatigue, sleeping poorly and irritability. To reduce this health risk,

Interpolis launched a range of prevention initiatives, including the Sleepchallenge and Digital Detox.

Clean, safe and smart mobility

We aim to contribute to road safety by encouraging 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.

Interpolis has contributed to the debate on road safety for many years, mainly by focusing on preventing drivers

from being distracted by their mobile phones while at the wheel. The AutoModus app was launched a few years ago and encourages motorists to drive safely by offering positive incentives. Commercial drivers can now also make use of this app. In addition, the PhoNo campaign was started to reduce the use of mobile phones among young cyclists. This campaign has received awards for marketing communications. The number of kilometres driven mobile-free is registered by AutoModus, converted into euros and donated to Verkeersslachtoffers Nederland (road casualties organisation), Dutch food banks and KiKa (children's cancer charity).

The Sum of Us for society

As an insurer with a cooperative identity, Achmea believes safe, smart and clean mobility to be important. This is why Achmea has signed up to EIT Urban Mobility, an initiative of the European Institute for Innovation and Technology (EIT). In this initiative, cities serve as living labs in which new technologies provide solutions to mobility challenges. This type of collaboration is important to making the most of each other's strengths. A tangible example is the partnership between Interpolis and Lightyear. This car manufacturer is developing the first commercial vehicle powered by solar energy. We believe that an innovative car demands an innovative insurance policy. This is why we want to develop an embedded insurance in collaboration with Lightyear; in doing so we are entering new territory. The advantage for

customers is that embedded insurance means there is no need to think about insurance. Developing an insurance policy for such a totally new sustainable car involves making all kinds of assumptions about the risks relating to the new technology, such as the solar roof. Including the insurance in the car's purchase price makes it even more important to keep claims low in order to keep the embedded insurance affordable. We expect to be able to achieve this by having a comprehensive insurance cover against the risks, by encouraging motorists to drive safely, for instance via the AutoModus app, and by keeping operational expenses as low as possible. This is an example of how Achmea, together with its partners, wants to contribute to the transition to sustainable mobility.

HOW WE CREATE VALUE FOR SOCIETY CONTINUED

Syntrus Achmea Real Estate & Finance (Syntrus Achmea) helps to keep cities accessible and promotes clean mobility in collaboration with We Drive Solar. Syntrus Achmea provides parking spaces for We Drive Solar's shared electric cars so that tenants have easy access to mobility. The cars run (partly) on solar energy generated by solar panels on the roof of the apartment block. The power not required for the cars is rerouted back to the building. Syntrus Achmea has been involved in We Drive Solar from the start, as it offers tenants the opportunity to test new forms of mobility thoroughly. The new tenants of the Bartok project in Utrecht were given a free trial in 2020.

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

Achmea launched Buurtkring in 2020, a mobile platform that matches supply and demand for requests for help with simple tasks in a local area. People can sign up to the platform and if anyone in their local area needs help - with shopping, putting out the rubbish or similar - they will receive a WhatsApp message. This initiative aims to help create ties and a sense of solidarity in a local area. Approximately eighty parties from the mortgage market, including Centraal Beheer, Syntrus Achmea Real Estate &

Finance (Syntrus Achmea) and Woonfonds have joined forces to accelerate the process of making the Dutch owner-occupied property market more sustainable. The Duurzaam Wonen (sustainable living) Sector collective was launched to this end, with the goal of making the sustainability of properties a fixed component of every mortgage consultation.

Interpolis rolled out its Groene Daken (green roofs) initiative further in 2020. Green roofs not only result in less flood damage and less CO₂-emissions, they also provide insulation in hot weather and contribute to biodiversity. Green roofs are offered to private home owners, and since 2020 we have also worked together with Syntrus Achmea to install green roofs on their residential properties. The proposition will also be made available to businesses. More than 10,000m² of sedum plants were planted in 2020, good for 749 green roofs. A further 166 green roofs were ordered and will be planted in 2021. Interpolis is collaborating with the horticultural industry to develop 'climate plazas' that provide information on climate-friendly outdoor spaces. The first two have already been opened in garden centres in Tilburg.

Via Duurzaam Woongemak, Centraal Beheer helps customers who wish to make their homes more sustainable by installing solar panels and extra insulation. Over 6,000 panels were placed on the roofs of both customers in 2020. This far outstrips the number of panels installed in 2019. The Duurzaam Woongemak service was expanded to include home insulation in

Keeping insurance affordable in a changing climate

Climate change has increased the amount of damage caused in the Netherlands by, for example, extreme precipitation. It can cause damage to cars, homes and agricultural and horticultural businesses insured by us. These growing climate risks can therefore push up the cost of claims and lead to higher insurance premiums. The dilemma to consider here is whether a premium increase leads to uninsurability. It is important that everyone has a chance to take out insurance, not just individual customers but also from a societal point of view. This can only happen if insurance premiums are not pushed up too high. A premium increase to compensate these

climate effects is therefore only an option in the short term and not a long-term solution. Achmea aims to help its customers to restrict the negative impact of climate change as much as possible. This is in the interest of customers, as it means they do not have to face the repercussions of damage or loss and/or other negative events. Yet it is also in the interest of Achmea, as it enables us to manage the claims and other insurance-related payments. In this way we can keep the claims down and insurance affordable. Read more on this in the chapter 'Out approach to climate change'.

HOW WE CREATE VALUE FOR SOCIETY CONTINUED

December 2019. Over one hundred homes were fitted with extra insulation via this service in 2020.

A recent survey by Centraal Beheer and research bureau Memo2 shows that consumer knowledge of financing options for making homes more sustainable is open to improvement. At Centraal Beheer we aim to contribute to this by sharing information on making homes more sustainable via our website.

Achmea 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. BlueLabel organised a number of webinars in 2020.

In early 2020 a few colleagues and risk specialists in Australia were actively involved in fighting the enormous bushfires and their aftermath, including as volunteer fire fighters.

The Interpolis Inbraakbarometer (burglary barometer) allows people to look up the risk of burglary in a specific postcode area. This Inbraakbarometer, launched in the summer of 2019, uses an algorithm to predict the risk of a break-in. The barometer showed that the risk of burglary increased again in the summer of 2020 after the number of burglaries had fallen in the first few months of the year. The website gives tips on how to prevent burglaries.

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.

Centraal Beheer offers expertise to businesses via its Ondernemerswinkel concept. Here, businesses can easily obtain assistance on compliance, contract management, HR services and mobility. More information can be found on this in the chapter How we create value for our customers.

Via Verzuimhulp (sickness absence assistance) Centraal Beheer aims to help businesses in the event of the (long-term) absence of an employee, even if they are not customers. Verzuimhulp comprises three services: sickness absence file check, job mediation and HR advice. We conducted a pilot scheme to test whether Verzuimhulp would be popular among the target group.

Centraal Beheer wishes to help businesses to accomplish their growth ambitions. Groeiversneller (growth accelerator) is a multi-year programme developed by Port4Growth and the Dutch Ministry of Economic Affairs. Port4Growth and Centraal Beheer have also created a short variant that can be implemented in six months. Nearly 20 businesses have already used this CB Groeiversneller programme to develop their own growth plans.

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. Towards customers and society we see an important role for ourselves in creating financial awareness and offering appropriate financial solutions.

Together with Achmea Foundation, we started participating in the Nibud initiative 'Hulp met geldzaken' (help with money matters). The aim is to educate people so that they can help others around them with finance-related requests for help. Over 100 employees are undergoing training.

Businesses are exposed to a different set of risks from consumers. The Covid-19 pandemic can lead to them getting into unexpected difficulties. Geldfit Zakelijk (financially-fit businesses) helps businesses to find appropriate assistance by means of a free online test. This business version of the Dutch Schuldhulproute (debt assistance route) was developed on the initiative of, among others, the Dutch Association of Insurers and Achmea.

We want to contribute to the financial fitness of the Netherlands. A good example of this is Financebook. FinanceBook is a tool for employees offered through the employer that helps to prepare a financial overview. Within five minutes, employees get a total financial overview and the opportunity to play with a variety of 'what if' buttons. This is one way we can bring financial coaching closer to everyone.

HOW WE CREATE VALUE FOR SOCIETY CONTINUED

Climate action

Achmea attaches an enormous amount of importance to climate action and in addition to its five strategic focus areas has drawn up a group-wide climate charter. This contains our climate ambitions for 2030, divided into individual workflows. In the chapter Our approach to climate change we explain in detail the impact that climate change has on Achmea. We do this based on Achmea's role as an insurer and in its capacity as an investor and mortgage provider.

As a partner of Boekel ecovillage, we are helping to make this sustainable community possible. The village comprises thirty climate-adaptive and climate-positive rental homes, six informal care units, a community centre, a knowledge and education centre, a workshop and offices. It includes facilities for residents to supply their own food and generate energy, an ecological water purification system and sustainable businesses. Achmea is insuring the ecovillage, even though some of the construction is taking place using new and as yet uncertified materials. In doing so we are facilitating sustainable properties while at the same time gaining knowledge and experience.

OUR ROLE IN SOCIETY AS AN INVESTOR AND MORTGAGE PROVIDER

As an investor and mortgage provider we also take into account the world around us: the future of the environment, social justice and good governance.

Investments for own account

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

As an insurer and long-term investor, Achmea devotes particular attention to the risks relating to climate change. We do so in the knowledge that climate change and the need for a transition to a low-carbon economy can have a negative impact on the value of our investments. This theme has been our main priority since 2019. It was then that we decided to exclude companies that derive more than 30% of their revenue from:

- coal mining or oil extraction from tar sands;
- the use of coal or oil from tar sands for generating electricity.

From 2021 we are finetuning this policy by cutting the revenue limit to 5%. Moreover, this now also applies to companies that derive more than 5% of their revenue from either arctic oil and gas or shale oil and gas.

Please see the chapter Our approach to climate change for more information on the impact of climate change on Achmea's investments.

Tighter standards for investments

Achmea excludes companies that structurally violate the ten principles of the UN Global Compact. These relate to human rights, labour standards, the environment and anti-corruption. Achmea has aligned the exclusion process with the process used by Achmea Investment Management, which results in faster exclusion compared to the previous process. By tightening the

criteria that Achmea applies for excluding companies that violate the Global Compact, this list was expanded to 25 companies in June 2020. Furthermore, we have tightened our exclusion policy on countries so that it now includes all those countries that fail to comply with our criteria for human rights, labour rights and anti-corruption. In mid-2020 we extended this to include those companies in the excluded countries in which the state holds a majority stake (more than 50% of shares).

In dialogue with companies

We also use engagement to encourage companies in which we invest to make their activities more sustainable. At the same time, we want to increase the value of our investments and improve the quality of management. Over a period of three years we conduct dialogue with companies on aspects of their business operations that offer room for improvement. Achmea Investment Management, the party that performs engagement on our behalf, engaged with companies from different perspectives in 2020:

- violation of international standards;
- improving performance on financial or social themes.

The table on the next page lists the engagement themes per key theme. A table is also included showing the number of Engagements and votes cast on behalf of Achmea and on behalf of Achmea Investment Management's clients during 2020. More detailed information on all the engagements can be Socially-Responsible Investment (SRI) report (see [here](#)).

HOW WE CREATE VALUE FOR SOCIETY CONTINUED

ACHMEA ENGAGEMENT AND VOTING

	Engagements				Engagements			
	2020		2019		2020		2019	
	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
On behalf of Achmea ¹	123	157	211	248	642	9,267	721	10,127
On behalf of (customers of) Achmea Investment Management, incl. Fund Management (Retail)	188	267	124	157	1,388	18,519	1,512	20,410

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

Key theme	Engagement (theme)
Human rights	<ul style="list-style-type: none"> • Normative engagement on human rights violations • Access to food
Labour standards	<ul style="list-style-type: none"> • Normative engagement on labour standards violations • Living wage in the supermarket and textile sectors
Nature and the environment	<ul style="list-style-type: none"> • Normative engagement on environmental violations • Water risks at water and electricity companies • Plastics
Health	<ul style="list-style-type: none"> • Good and available medicines
Climate change	<ul style="list-style-type: none"> • Transport and climate • Climate transition • Energy efficiency in the steel and chemical industries • Reduction in exposure to coal

Transparency on our investments

We want to be transparent about our investment policy and be held accountable for it. We do this in particular on the indirect contribution we make to greenhouse gas emissions via our investments. After we started to measure the CO₂ emissions and intensity (CO₂ per million US dollars of revenue) of our equities in 2017, in 2018 we extended this to include the CO₂ intensity of credits and in 2019 government bonds and mortgages. In 2020 we also started to measure the CO₂ emissions of the real estate investments and of a portion of the investments backing linked liabilities. As part of this process, we charted the carbon footprint of 51% (2019: not available) of our real estate investments, of 56% (2019: 58%) of the investments for own account and of 23% of the investments backing linked liabilities. You can read more on this in supplement E. Other sustainability information. Every six months Achmea publishes a Socially-Responsible Investment (SRI) report on its policy and realised performance (see [here](#)).

External testing of responsible investment policy

Achmea came in third in the periodic research conducted by the Eerlijke Verzekeringswijzer (Ethical Insurance Guide) into the sustainable investment policies of the nine largest insurance groups in the Netherlands. It scored particularly well on health, labour rights, nature and weapons., but less on bonuses, animal welfare, corruption and gender equality. On climate change, Achmea's score increased from 4 to 6 (on a scale of one to ten). As climate change is an important theme for us, we are very pleased with this improvement but continue to aim for a higher score.

As a co-signee of the Principles for Responsible Investment (PRI), Achmea focuses on incorporating environmental and social principles and good governance into its investment processes. Engaged shareholdership and transparency on realised results are important principles in relation to responsible investment as well. In the annual assessment conducted by the PRI, Achmea earned an A score on almost all components, meaning that Achmea scored as well as or better than the comparison group. The highest possible score (A+) was awarded in the Strategy and Governance component.

Achmea Bank

We also aim to contribute to the goals set out in the Dutch National Climate Agreement in our capacity as a mortgage provider. Achmea Bank supports the Climate Commitment for the financial sector to this end. In 2019 we began to measure the carbon footprint of our mortgage portfolio. Using the energy labels we measure

HOW WE CREATE VALUE FOR SOCIETY CONTINUED

the CO₂ emissions generated by the mortgages in our portfolio. Our first report on this was published on our website in 2020.

Our ambition is to increase the portion of green energy labels in our portfolio and help customers to make their homes more sustainable. We therefore offer our customers the option of financing energy-saving measures as part of their mortgage. Achmea Bank signed up to the Duurzaam Wonen sector collective in 2020. This initiative aims to accelerate the process of making the Dutch owner-occupied property market more sustainable by incorporating this topic into mortgage advice. To this end, the online course called 'sustainable home advisor' has been offered to all

Appeal to the pharmaceutical sector

In 2020 Achmea Investment Management called on the pharmaceutical industry to collaborate at an international level in the fight against the Covid-19 virus. This Investor Statement was signed by a total of 65 institutional investors from Japan to the United States, with combined assets under management of over €5 trillion. The initiative received global news coverage, from the New York Times, Financial Times and Die Zeit to the NOS TV channel and NRC newspaper closer to home. Twenty-four listed pharmaceuticals received the Investor Statement in May 2020. Dialogue was subsequently initiated with all the companies and continued throughout 2020.

mortgage employees. Some of the employees followed the training in 2020. The rest will follow in 2021.

Achmea Investment Management

Achmea Investment Management wants to help institutional clients to set up, implement and report on SRI, provide insight into the relevant laws and legislation and deliver practical instruments for this.

The SRI framework has been refined for the Achmea Investment Management investment funds: the OECD and UN guidelines have now been incorporated into the SRI framework. Furthermore, a number of SRI instruments have been described in more detail and the country policy has been finetuned. In addition to those countries excluded on the basis of UN or EU sanctions lists, those countries that score poorly on human rights, labour standards and corruption are now excluded. Those state companies in which the excluded countries' governments hold more than 50% of shares are also excluded from the investments. Moreover, Achmea Investment Management has restrictions on investment in coal and tar sands. Those companies that derive more than 30% of their revenue from coal or oil from tar sands, or from the use of coal or oil from tar sands for generating electricity are excluded from the investments. This policy has been further tightened as from 2021 You can find the SRI framework [here](#).

Achmea Investment Management has created a climate roadmap for pension funds with a view to further embedding the theme of climate change into the

investment process. The roadmap is a tool for drawing up a climate policy.

Achmea Investment Management again received a very good rating this year from the PRI in its role as an asset manager. Achmea Investment Management scored an A or A+, the highest-possible score, in all the reported modules and asset classes.

Syntrus Achmea Real Estate & Finance (Syntrus Achmea)

Syntrus Achmea invests in real estate and mortgages on

Appeal for focus on plight of seafarers due to Covid-19

The Covid-19 crisis led to a variety of restrictions being imposed on travel and trade. This resulted in the closure of ports and cancellation of flights. As seafarers are not classed as key workers, hundreds of thousands of them became stranded on ships. Many countries banned seafarers from embarking when they reached port. This led to crew members being stuck on their ships for many months, without shore leave, relief or the option of going home. Given the urgency of the problem and the potential repercussions if this is not resolved, Achmea has backed a call from institutional investors to the UN to place this issue on the agenda. As part of its engagement process, Achmea has also talked to companies in the cruise sector about their responsibility to their crews.

HOW WE CREATE VALUE FOR SOCIETY CONTINUED

behalf of institutional investors and in doing so strives to opt for sustainable investments that earn a financial and social return. Its Environmental, Social & Governance (ESG) strategy can be found [here](#). Syntrus Achmea's goal is for its entire Dutch property portfolio to hold an A energy label by 2030. As of the end of 2020, about 67% (2019: 62%) of the property portfolios managed by Syntrus Achmea possessed an energy label of A or higher, 13% (2019: 14%) a B energy label and 17% (2019: 19%) a C energy label.

The Dutch National Climate Agreement stipulates that CO₂ emissions in the Netherlands need to be 95% lower in 2050 than in 1990. Syntrus Achmea wants to align itself with this target and aims to achieve a CO₂-neutral property portfolio by 2050. Having compiled a CO₂ reduction Roadmap to 2050 for the large residential property portfolios in 2019, in 2020 we started compiling these Roadmaps for the large retail and office portfolios managed on behalf of customers. These Roadmap contains scenarios for reducing the portfolios' CO₂ emissions. The measures (improved insulation, solar panels and sustainable systems) and expenses and savings are set out for each scenario. Taking this as its basis, Syntrus Achmea has set targets for CO₂ reduction in consultation with its customers. A CO₂ Dashboard was developed in 2020 to monitor whether these targets are being met.

In 2020, Syntrus Achmea reviewed all the managed Dutch property portfolios with regard to the physical risks of flooding, high groundwater levels, drought and

heat stress. An estimate was made of the potential damage or loss from these climate risks for each portfolio. In 2021 Syntrus Achmea will determine whether it needs to take measures to manage these risks. Ten of Syntrus Achmea's funds and portfolios participated in the Global Real Estate Sustainability Benchmark (GRESB) in 2020. The Achmea Dutch Residential Fund and the Achmea Dutch Retail Property Fund earned the highest rating of five stars. Seven of the other funds were awarded four stars and one three stars.

The Achmea Dutch Residential Mortgage Fund managed by Syntrus Achmea invests in Dutch mortgages with owner-occupied residential properties as collateral. As of year-end 2020, 66% of the collateral possessed a green energy label (A, B and C). This represents a slight increase compared to 2019 (63%). The fund aims to hold as many green energy labels as possible in the portfolio.

Syntrus Achmea wants to encourage sustainability by improving the energy labels of all the properties held in its portfolio and in doing so has deliberately opted not to exclude non-green labels. Over 25,000 customers were given information on options for making their properties more sustainable in 2020. In addition, a premium of €250 was offered to those customers who did indeed make their homes more sustainable.

RESPONSIBLE BUSINESS OPERATIONS

Our employees and locations across the Netherlands mean that we are in a position to contribute to the

sustainability goals. We aim to achieve climate-neutral operations by 2030. We measure CO₂ emissions for all our business operations and try to improve sustainability wherever we can. Since 2011 we have compensated for the CO₂ emissions from our own business operations by purchasing Voluntary Carbon Standard (VCS) certificates. Our carbon footprint is described in supplement E. Other sustainability information. 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 nearly 4,000 solar panels at our office in Apeldoorn. In addition, as launching customer Achmea signed a contract for purchasing heat from a new geothermal heat network in Leeuwarden that is expected to be finished in the spring of 2022. Our goal is for our fleet of lease cars to comprise at least 50% electric vehicles by 2025. A new lease policy was introduced to this end in 2019. As of year-end 2020, 19% (2019: 8%) of the fleet of lease cars were electric vehicles.

OUR ROLE IN SOCIETY AS A TAX PAYER

The payment of taxes is one of the pillars of a sustainable society. Transparency on taxation is important to us and we publish our tax policy on our website for this reason. Our tax position is also given in our financial statements. We aim to be a responsible tax payer. This means that in every country in which we operate we seek to ensure tax laws are applied correctly and take into account the purpose and scope of the laws. The commercial reality of a transaction is the basic



CENTRAAL BEHEER USES DRONES

Twenty homes were destroyed in Deventer by a home-made firework bomb. Centraal Beheer insured one of the damaged apartments. Achmea colleague Toine Rennen assessed the damage using a drone, making highly detailed recordings of all the windows and frames in the building. There is often more damage than is visible from the ground. Achmea now has four drone pilots. Drones help us to inventory the damage in a simple and innovative manner.

HOW WE CREATE VALUE FOR SOCIETY CONTINUED

principle: profit is taxed where the profitable activity takes place. The responsible payment of taxes means that we ourselves have no wish to use structures aimed at reducing the effective tax rate, nor do we offer these to our customers. The full text of our tax policy can be found [here](#).

INVESTING IN SOCIETY

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

Achmea Foundation

The Achmea Foundation 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 in developing

countries in order to make their knowledge and expertise available to organisations with social goals. Together with Zilveren Kruis, Achmea Foundation also organises the Impact Plus programme, aimed at boosting social enterprise in healthcare and welfare in the Netherlands. More information on the funded projects can be found at www.achmeafoundation.nl.

Stichting Achmea Slachtoffer en Samenleving (SASS)

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: respect for and alignment with the resilience and empowerment of victims; a focus on restoring ties and confidence; and redress or rehabilitation. In the period 2019 - 2022, SASS is focusing on the areas of 'Victims in healthcare', 'Victims of serious traffic accidents', 'Victims of domestic violence', 'Victims of sexual violence' and 'Victims of online crime'. Ten project applications were honoured in 2020. For more information on SASS and the funded projects, please see www.sass.nl.



OUR APPROACH TO CLIMATE CHANGE

OUR APPROACH TO DEALING WITH THE REPERCUSSIONS OF CLIMATE CHANGE

Achmea's cooperative identity shapes its belief in the importance of contributing to the goals set out in the Paris Climate Agreement: to restrict the average global temperature increase to a maximum of 1.5-2 degrees Celsius. Cooperative literally means 'willing to work together'. As a society we can only accomplish the Paris Climate Agreement goals by working together, with individual parties assuming their share of responsibility. We therefore view this a moral choice and a necessary one, as this is aligned with the management of risks.

Climate change has an impact on Achmea in a variety of ways. It causes an increase in the amount of damage: physical damage to the built environment, but potentially also economic, social and health-related damage. This has repercussions for our customers (consumers/employers), partners as well as for Achmea itself. We could well be confronted with a higher cost of claims and/or be exposed to additional risks via our investments in specific sectors. In addition, climate change affects the development of (sustainable) new products and services both by Achmea and other parties. This chapter gives insight into the impact of climate change on Achmea. We do this on the basis of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). In line with the TCFD, the starting point for this chapter is how climate change affects Achmea. This is the first time we have reported on the TCFD recommendations in an annual report. We will add to

this over the next few years, especially with respect to the Key Indicators and Targets.

GOVERNANCE

In its Climate & Energy Transition charter (April 2019), the Executive Board sets out how Achmea aims to contribute to restricting climate change and how it plans to deal with the repercussions from it. This involves the influence Achmea has on the world around us and the (financial) impact that climate change has on Achmea itself. Achmea gives substance to the charter in three workflows (1. Insurance and services, 2. Investment, savings and funding and 3. Internal business operations): each workflow has formulated long-term ambitions comprising goals and activities in an annual plan. Each workflow is chaired by a member of the Achmea Directors' Council and contains representatives from different segments. A steering committee, comprising the workflow chairs and directors from the relevant segments, monitors progress and identifies and discusses dilemmas. The Chief Risk Officer heads the steering committee on behalf of the Executive Board. The steering committee reports quarterly to the Executive Board. A range of consultation structures advise and support implementation of the workflows. In addition to the abovementioned steering committee, in 2020 Achmea installed a Sustainability Laws and Legislation steering committee that aims to ensure Achmea's compliance with (future) legislation governing sustainability.

CLIMATE STRATEGY

Achmea has formulated a strategy for climate-related issues that is made up of four building blocks:

1. Improving knowledge and understanding of the risks relating to climate change for our customers and Achmea by monitoring developments and conducting research into their impact.
2. Creating awareness of the risks of climate change by conducting dialogue with customers and society, including via the Climate Adaptation Monitor.
3. Developing investment, insurance, savings and funding propositions and services for our customers in order to restrict climate-related damage or loss (adaptation) and help them reduce their carbon footprint (mitigation). Also incorporating insights into climate risks into risk management and acceptance frameworks, for instance catastrophe risk in the portfolio, by translating these insights into the models that Achmea uses to define insurance risks and applying them to the reinsurance programme.
4. Achieving CO₂-neutral business operations by 2030 and reducing the climate footprint, as well as fostering the energy transition via Achmea's investments.

Climate change affects the insurance business, investments and - to a lesser extent - Achmea's business operations in a variety of ways. We describe the impact of climate risks on the individual parts of Achmea below. When it comes to climate risks, Achmea distinguishes between physical and transition risks (see figure on the next page for a description of these).



OUR APPROACH TO CLIMATE CHANGE CONTINUED

Impact of climate risks on the insurance business

Achmea aims to help its customers to restrict the negative impact of climate change as much as possible. This is in the interest of customers, as it means they do not have to face the repercussions of damage or loss and/or other negative events. Yet it is also in the interest of Achmea, as it enables us to control the cost of claims and other insurance-related payments and in doing so keep insurance affordable for our customers. The paragraphs below describe the financial risks of the negative impact of climate change for each type of insurance.

Property & casualty insurance

The physical risks of climate change are mainly relevant to the property & casualty insurance business. It is possible to distinguish between weather-related risks and volatility and trends within these. With respect to climate change, this involves events (potentially) becoming more serious or more frequent. Climate change can lead to a change in weather conditions and to more severe thunderstorms with extreme rainfall, strong winds and/or hail.

Climate change can increase the risk of flooding, e.g. caused by a rise in sea level and an increase in the amount of river discharge as a result of higher levels of precipitation in the winter. In the Netherlands, the risk of flooding from the sea, large inland waterways or major rivers is excluded for building and contents

insurance, but covered under casco insurance for motor vehicles, for example. Achmea plans to offer customers greater peace of mind by including flooding caused by a failure in regional (secondary) flood defences in most building and contents insurance cover for retail customers from 2021. Adaptive measures taken by the Dutch government as part of the Delta Programme make it difficult to estimate the impact of climate change on flood risk, especially due to the uncertainty surrounding the progress and effectiveness of these measures in the long term. Periods of drought are becoming more common in the Netherlands. It is not always possible to mitigate the impact of this on customers. Where this proves impossible, there are few repercussions for claims on insurance policies because these do not cover foundation damage caused by drought. In Greece,

Turkey and Australia in particular, the growth in periods of drought is increasing the risk of wildfires, but also the risk of damage or loss caused by extreme rainfall and/or hail. The effect of climate change on tropical cyclones is not entirely clear, but there are indications that tropical cyclones are becoming more extreme, tend to move more slowly, are accompanied by more precipitation and, due to rising sea levels, more flooding from the sea. The upshot is an increase in the amount of damage or loss. This has repercussions for Achmea Australia, Achmea Reinsurance's incoming reinsurance portfolio and the cost of our outgoing reinsurance. All these trends are likely to have a huge impact on our customers and could lead to higher insurance-related costs (claims and operating expenses) for Achmea, which will affect the margins of the property & casualty business.

Classification of climate-related risks

These risks relate to the potential negative effects of climate change and comprise:

Physical risks

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

Transition risks

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



OUR APPROACH TO CLIMATE CHANGE CONTINUED

An increase in the frequency and severity of extreme weather events in the long term may limit the affordability of property & casualty insurance. This is why Achmea aims to give customers insight via the Climate Adaptation Monitor into the impact of climate change and their options for mitigating this. Examples include the use of tempered glass in the greenhouse industry portfolio, which reduces the vulnerability of greenhouses to hail, emitting warnings including preventive measures in the event of extreme weather and giving customers the opportunity to install a green roof to reduce the risk of damage from precipitation. Changes to thunderstorm and hail risks are expected to lead to a small increase in the cost of claims in the long term. At present, Achmea does not anticipate risks becoming uninsurable in the Netherlands as a result of climate change.

Transition risks could arise due to changes on the road to a low-carbon economy. New green energy technologies will gradually replace traditional fossil-based technologies. This will transform the energy market and, in turn, the nature of insured assets. This might include solar panels, heat pumps etc. Research and development are therefore required in order to anticipate these changes. This is where our research into the damage hail can inflict on solar panels, carried out jointly with VU University Amsterdam and the Royal Netherlands Meteorological Institute (KNMI) and funded by EIT Climate KIC, comes in. This research

has provided insight into hail climatology in the Netherlands and the sensitivity of solar panels to hail stones.

Health insurance

Climate change can affect people's health, for example due to a rise in temperatures. The increase in allergies, outbreaks of infectious diseases, heat-related illness and stress and psychological complaints could increase medical expenses. Higher temperatures can lead to diseases that until now have rarely been found in the Netherlands, if at all. These include, for example, infectious diseases that were previously confined to hot countries and that can now spread more widely and quickly, even to Northern Europe. In addition, longer periods of sunshine can lead to more skin cancer, heat stress and additional deaths among vulnerable senior citizens during heat waves. This creates new challenges for policyholders and for the healthcare sector. At present, there is limited understanding of the potential effects of climate change and these are expected to occur gradually.

Any additional medical expenses in basic health insurance policies will apply to all insurers and fall within risk equalisation, which can mean that policyholders will have to pay higher premiums while the relative position among insurers in terms of medical expenses does not change. Due to the extent of health insurance coverage and the way in which health care premiums are adjusted (annually) to gradual developments, based on current insights, the relative impact on Achmea's financial and

competitive position in the short and medium term does not seem to be significant.

Life and income protection insurance

The results of a life insurance portfolio are almost completely unaffected by physical climate risks such as storms, precipitation, floods and hail. Mortality risk is primarily sensitive to heat and cold. This may increase due to summer heat waves but decrease due to milder winters. These effects will influence our life insurance liabilities but will partially cancel each other out. Within Achmea's life insurance portfolio, there is also a partial, natural hedge because there are policyholders who obtain lifelong financial security by purchasing a pension or annuity and policyholders who take out term life insurance for payments to surviving dependents in the event of their death. If policyholders live longer than expected, this means a negative financial impact for pension or annuity insurance (longevity) and a positive financial impact for term life insurance (mortality). The effectiveness of this hedge against the financial impact of changing mortality rates due to climate change depends on the balance of these effects. A recent study indicates that a temperature increase in the Netherlands will bring down the 'net temperature-related excess mortality rate' slightly in the coming decades. This will have a marginal upward effect on the (longevity) insurance liabilities. If temperatures continue to rise, heat-related deaths will again become prevalent in the long term. The above trends relating to illness and mortality will also affect income protection insurance, but Achmea expects the impact to be minor.



OUR APPROACH TO CLIMATE CHANGE CONTINUED

Conclusion: Achmea aims to help its customers to restrict the negative impact of climate change as much as possible. This is in the interest of customers, but also of Achmea. Additionally, Achmea wants to continue giving customers the option of insuring those risks to which they cannot or do not wish to be exposed. This means that, if the negative impact of climate change cannot be mitigated, Achmea may have to make additional adjustments to premiums and/or modify the cover offered by its products. We expect the risks corresponding to climate change to evolve gradually. This gives Achmea the opportunity to make adjustments. For property & casualty insurance there is an impact from the damage caused by catastrophes. The frequency and scale of this is likely to increase, but the internal model for property & casualty insurance adjusts for these trends. This internal model is used to calculate premiums and select the reinsurance programmes. The annual renewal of property & casualty, health and reinsurance contracts enables us to manage the corresponding risks effectively. Achmea monitors climate trends closely and conducts research into their impact on the insurance-related risks. For the time being, Achmea sees no reason to assume that risks will become uninsurable in the Netherlands in the long term as a result of climate change.

Impact of climate change on our investments

Climate-related risks are also an issue in our investment portfolio. Transition risks may arise in the short term,

especially if they are the result of abrupt policy changes. Governments and regulators have begun to develop proposals to guide market activities and move them towards more sustainable alternatives. The European Commission's action plan for financing sustainable growth is an example of this. Investments may fall in value or lose their value completely as the economy switches to alternative energy sources and energy savings. In addition, there are physical risks that would lead to investments suffering from the negative effects of climate change, such as storms, precipitation, drought or flooding. The value of investments and investment properties in the Netherlands can be susceptible to foundation damage due to drought (e.g. pile rot or settling differences) and flooding.

Our current estimate is that climate-related risks will have a minor short-term impact on the investment portfolio. This is because the required global political consensus is currently lacking to introduce climate-related policies in the short term (e.g. a carbon tax) that could have an impact on the value of our investments, and the utilisation and commercialisation of technological breakthroughs is slow. It is also because Achmea's total investment portfolio, which primarily consists of investments in governments and financial institutions, contains a relatively small percentage of CO₂-intensive companies. Via our investment policy we aim to achieve a (long-term) impact by, for instance, engaging with companies on the influence they can wield in combating climate change. Social developments and their possible impact on a sector are also discussed

in this context. This impact can have a negative effect on the value of specific investments. This is especially true if this sector/company is unable to adapt (quickly enough) to the consequences of climate change. In its investment strategy, Achmea is able to anticipate a negative impact of climate change on the return on its investments at an early enough stage. As an initial step, the biggest polluters, i.e. those that will be most vulnerable to measures relating to climate change, have already been excluded from our investments.

Conclusion: Achmea is working on further developing its investment policy for socially-responsible investment. We include a range of perspectives when setting this policy, including the ongoing social debate. Climate-related risks are an important theme in this respect. Each year, Achmea draws up an action plan containing analyses and research, which is followed by a list of actions to be implemented in the investment portfolio.

Impact of climate change on our business operations

Climate-related physical risks such as storms, precipitation, flooding and so on can have an impact on Achmea's business operations. 'Location and time-independent working' has been a key principle at Achmea for many years. Many of our employees can work from home. This is also included in our vision of 'Future of Working'. At the same time, we spread our outsourcing of aspects such as IT infrastructure over several locations. This derives partly from a desire to guarantee continuity of services to our customers.



OUR APPROACH TO CLIMATE CHANGE CONTINUED

The concentration of our data centres means that Achmea is at most risk there relatively speaking in the event of extreme weather conditions, but even then the risk is estimated to be low. Climate change, with its effects on the living environment, can affect the health and well-being of our employees. A long period of heat can be mitigated using various measures. This risk is therefore currently estimated to be low. The transition risks of the energy transition for business operations are likewise assessed as low.

Conclusion: at present we see no major climate-related risks for our business operations.

Climate-related opportunities

Climate change can also yield opportunities. Achmea wants to offer insurance and services that help to prevent or restrict damage or loss caused by climate change and reduce the carbon footprint. Furthermore, we want to offer products and services that restrict the risk of climate-related damage and/or reduce the scale of it. One way we do this is by creating awareness via a survey of the 'climate resilience' of homes in the Netherlands (the Climate Adaptation Monitor) in order to help reduce or prevent the damage and nuisance caused by extreme weather conditions.

We offer services that enable residents of the Netherlands to save energy or switch to sustainable energy sources, such as solar panels and home

insulation via Centraal Beheer and green roofs via Interpolis. Moreover, we contribute to sustainability by requesting that raw materials be re-used in insurance and services. When granting mortgages, we offer the opportunity to finance a loan-to-value ratio of up to 106% to give our customers greater financial flexibility for making their homes more sustainable. On top of this, we want to educate the Netherlands on how to prevent or restrict damage or loss caused by climate change, for example via BlueLabel. Read more on this in the chapter Objectives and results- How we create value for society.

Achmea wants to contribute to combating climate change and promoting the energy transition in its own business operations. We want our business operations to be climate-neutral by 2030. To achieve this we plan to make our fleet of vehicles electric and enable employees to make sustainable choices in their commuting and business mileage. We want to make our buildings energy-neutral by saving energy and generating energy sustainably. Our aim is only to procure products and services that contribute as much as possible to circularity, energy-saving and reducing CO₂ emissions. Among other things, we want to opt for a fully circular set-up. But how sustainably a potential supplier operates is also taken into account in the procurement selection process.

RISK MANAGEMENT

Each year, Achmea Group and the individual segments conduct a Strategic Risk Assessment (SRA) to identify the main risks. These might be risks with a significant impact

on future profitability, liquidity and solvency and/or the continued existence of the company. Climate-related risks form an integral part of this. The 2020 SRA includes three climate-related risks:

1. Natural catastrophes (including climate change)
2. Opportunities in products and services in relation to sustainability and climate change;
3. Financial loss on our investment portfolio as a result of the energy transition.

Of all these risks, natural catastrophes (including climate change) could have the greatest impact on the financial position and results of Achmea's property & casualty business in the 2021-2023 business plan period. This is demonstrated by, for instance, the (extreme) scenarios set out in the 2020 Own Risk and Solvency Assessment (ORSA). The annual ORSA focuses on the scenarios over a three-year planning period. A distinction is made here between risks deriving from climate change and weather-related (catastrophe) risks. The cost of claims could increase, partly because the value concentration is increasing (we are getting wealthier and living in larger concentrations).

In the coming planning period, the net risk for Achmea is estimated to be low for the two other risks identified in the SRA. No specific scenario has been drawn up for the risk 'opportunities in products and services in relation to climate change'. The ORSA scenario 'deteriorating market position' could apply if Achmea fails to respond to opportunities in the market in good time. Although the risk assessment is low for the risk 'financial loss',



OUR APPROACH TO CLIMATE CHANGE CONTINUED

a scenario was generated for this risk this year as part of the 2020 ORSA. The financial impact was calculated based on a disruptive event. These calculations show that such a shock is expected to have a marginally positive impact on Achmea Group's prudential solvency.

The climate-related risks will occur over a longer period than the annual ORSA (three-year planning period) and therefore require a different approach. Achmea plans to survey the long-term scenarios in more detail in 2021 as these contain a large number of parameters that could affect the development and mitigation of climate-related risks. In this respect it is important that enough data is available to be able to generate the relevant long-term scenarios.

Additional or more detailed assessments were conducted at sub-risk or risk level. Responsibility for this lies with the relevant segments.

For the non-insurance business units that are under the supervision of regulators, such as Achmea Bank, Achmea Investment and Syntrus Achmea Real Estate & Finance, the Internal Capital Adequacy Assessment Process (ICAAP) reporting also contains a description of the relevant climate-related risks and where applicable these are worked into scenarios.

Insurance business

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

	Building & Home Contents	Greenhouse industry	Casco insurance for motor vehicles
Storm	✓	✓	✓
Hail and extreme rainfall	✓	✓	✓
Flooding			✓

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

used for casco insurance for motor vehicles. The internal model is used both for solvency calculations and for other purposes, such as premium calculation and the choice of reinsurance cover.

Storms are the biggest catastrophe risk. Major storms mainly occur in the Netherlands in the period from October to March. Climate change has a minor effect on storms compared to natural climate fluctuations. The purchase of reinsurance for the group is primarily defined by the storm risk. As a result, even major hail damage that occurs once every 200 years still comes within the generous reinsurance cover that is dominated by storms. The same applies to the flood risk. This makes Achmea less sensitive to the risks caused by climate change. There is a risk that Achmea is underestimating the hail risk from climate change, but the high reinsurance cover offers more than sufficient protection.

Flood risk is increasing in Greece, Turkey and Australia as a result of the higher risk of extreme precipitation. The risk of wildfires is also growing in Greece, Turkey and Australia. These risks are mitigated by means of reinsurance.

Investments

Diversification within our investment portfolio restricts the impact of climate risks on individual investments. Yet this is no reason to ignore the company-specific risks of investments. Achmea attempts to manage or mitigate climate-related risks wherever possible and necessary. In doing so, it is essential to obtain insight into the



OUR APPROACH TO CLIMATE CHANGE CONTINUED

potential impact of climate change on the value of our investments, for instance as a result of government policy on CO₂ targets. Achmea has measured the carbon footprint of its investments since 2018: initially this was only done for listed equities and corporate bonds. This measurement is being expanded to include other asset classes wherever possible. Achmea has formulated CO₂ targets for a number of asset classes. The results are given in supplement E. In addition, Achmea has ceased to invest in certain companies and is also conducting engagement processes with companies on their potential impact on climate change. More on this can be found in the chapter Objectives and results - How we create value for society.

KEY INDICATORS AND TARGETS

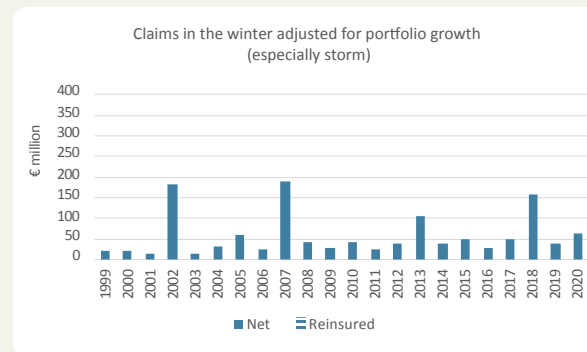
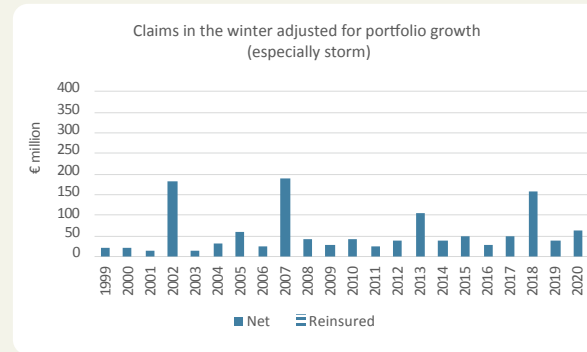
Achmea reports a number of key indicators in order to gain insight into the effects of climate change or climate-related risks. It has also set targets for some of these. The main ones are described below.

Insurance business

Weather-related claims

The figure below and on the next page depicts the growth of weather-related claims in the Netherlands before and after reinsurance, adjusted for portfolio growth, divided into claims in the winter (mainly storms) and summer (mainly claims relating to thunderstorms, such as hail, extreme rainfall and strong winds). The

figure shows that while it is not possible to discern a clear trend in the winter claims it is in the summer claims. These claims, adjusted for the trend for the summer, serve as input for the internal model and as such are included in the solvency calculations, premium calculations and choice of reinsurance programme.



Investments

Achmea measures the carbon footprint of its investments. We already did this for (some of) the own risk investments in equities, credits, government bonds and mortgages. In 2020, we extended measurement of the carbon footprint to include our real estate investments and investments backing linked liabilities. We have reached agreement with our asset managers on achieving an optimum reduction in the carbon footprint compared with the applied benchmark in the equity and corporate bond portfolios. You can read more on this in supplement E. Other sustainability information.

Via our exclusion policy and engagement processes with the companies in which we invest, Achmea aims to have an impact in combating the effects of climate change. In 2020, we conducted thematic engagement processes involving CO₂ reduction/climate change/energy transition engagement targets with over 20 companies. Normative engagement was also conducted in which these themes also formed part of the discussions. More information on our active stewardship can be found in the chapter Objectives and results – How we create value for society.

In 2020 we carried out an initial analysis in order to assess how our investment portfolio compares versus the EU taxonomy for sustainable financing. Under the EU taxonomy, activities are assessed and classed on their contribution to the EU's sustainability-related policy goals. The EU taxonomy has yet to be worked out



OUR APPROACH TO CLIMATE CHANGE CONTINUED

in full for a number of these goals and is therefore still incomplete. It is based on the so-called NACE codes (Nomenclature statistique des Activités économiques dans la Communauté Européenne). NACE codes are allocated to specific classes of economic activities by the European Union. An overview of the own risk investments by NACE code (level 4) can be found [here](#) (at the bottom of the webpage).

Business operations

Achmea's ambition is to achieve completely climate-neutral business operations by 2030, including set quantified targets for reducing our greenhouse gas emissions. You can read more on this in supplement E. Other sustainability information.

HOW WE CREATE VALUE FOR OUR CUSTOMERS

Via our brands we want to be a trendsetter in our products, services and customer journeys. We want to make our propositions (even more) accessible by using modern distribution channels, with digital and personal interaction. Our constant drive for renewal takes advantage of innovative technologies and data. We not only provide insight into and an overview of risks and the options for risk-sharing, but also solutions that allow us to help customers or contribute to social and

sustainable goals. We increasingly do this by combining insurance policies with services that resolve or prevent the problem.

Customer centricity and mutual trust form the basis for our actions

We want to know what issues are relevant to our customers, what concerns them and set to work with their interests in mind. We want customers to recognise

this, to trust us and be willing to share data with us out of enlightened self-interest.

We involve our customers in improving our services by consulting with them (e.g. via our customer panels and customer councils), by handling complaints with care and picking up on signals from customers.

Achmea monitors its progress on important themes by conducting its own assessments. We also use a Net Promoter Score (NPS) to measure customer satisfaction with the services of our brands. This score indicates whether customers would recommend our brands. In 2020, we altered the system for defining the relational NPS for property & casualty for retail customers for both Centraal Beheer and Interpolis. The existing method has been maintained in the other business units. The new method for defining the relational NPS for property & casualty for retail customers for Centraal Beheer and Interpolis uses our own customer database to determine the partial observation. We believe this yields a more representative picture. As the NPS for property & casualty for retail customers for Centraal Beheer and Interpolis derived from the new system cannot be compared to the NPS according to the old method, we have not included comparative figures over 2019.

We also measure how our customers rate us via customer satisfaction surveys.

CUSTOMER SATISFACTION SCORES ACHMEA BRANDS

	Customer Oriented Insurance Quality Seal	Retail market						Commercial market			
		Non-Life ¹		Health ²		Life ¹		Non-Life ³		Income protection ³	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Centraal Beheer		7.8	7.7			7.4	7.1	7.8	7.9	7.6	7.5
Interpolis		7.7	7.6	8.1	8.1	7.4	7.3	7.7	7.6	7.7	7.5
Zilveren Kruis				7.9	7.9						
Avéro Achmea								7.5	7.5	7.5	7.2
De Friesland Zorgverzekeraar				8.0	8.1						
FBTO		7.6	7.5	8.1	8.1	7.3	7.2				
InShared		7.5	7.4								
Pro Life				8.3	8.2						
Average for Achmea brands⁴		7.7	7.6	8.1	8.1	7.4	7.2	7.7	7.7	7.6	7.4
Industry average		7.5	7.5	8.1	8.0	7.1	7.0	7.6	7.5	7.5	7.3

¹ Source: Dutch Association of Insurers, 'Verzekeraars in Beeld' survey 2020 and 2019.

² Source: MarketResponse (formerly known as SAMR), Customer Monitor Health Insurance, as per April 2020 and 2019.

³ Source: Dutch Association of Insurers, Customer Satisfaction Survey Business 2020 and 2019.

⁴ As from 2020, Avéro Achmea and OZF Achmea no longer sell health insurance policies. Therefore, no customer satisfaction scores are available for these brands for 2020 for health insurance policies in the consumer market. We have adjusted the comparative figures accordingly.

HOW WE CREATE VALUE FOR OUR CUSTOMERS CONTINUED

Customers know they are in safe hands with our propositions

Via our insurance policies and services, we aim to offer customers sound and accessible solutions for dealing with uncertainties. We want to align our services with what customers want and need, to communicate using a variety of channels and to focus on what is important to each individual customer. We provide insight into risks and enable customers to make decisions about which risks they do or do not wish to insure in light of their own personal circumstances. We help institutional clients via services relating to pension administration and asset management. Our group's unique composition enables us to meet the needs of our customers in the best possible way.

Customers have a sense of affinity with our brands

Customers are familiar with our brands, know what

makes them stand out and often feel they have a strong connection to them. We aim to strengthen that connection by being relevant and setting ourselves apart, precisely at those times when it matters most to our customers. Customers are satisfied with the products and services offered under Achmea brands (see table). This is also demonstrated by the annual Customer Experience Excellence Analysis carried out by KPMG and the customer satisfaction surveys held in 2020. The Achmea brands have also won several awards over the past year in a further indication of our customers' satisfaction. These are listed under the information on the individual brands.

Customer-Oriented Insurance quality seal

The Customer-Oriented Insurance quality seal (KKV) underlines the quality of the services and customer focus of an insurer. As in 2019, Achmea retained the quality seal for all of its brands in 2020. The revised system for

self-regulation that entered into effect on 1 July 2020 has enabled the Dutch Association of Insurers (Verbond van Verzekeraars) to make great progress on improving quality over the past year. The added value of the KKV is largely redundant as a result of this and it was discontinued as of 1 October 2020.

CUSTOMER CENTRICITY DASHBOARD

Through its Customer Centricity Dashboard, over the past few years the AFM has assessed the extent to which Achmea, as a major insurer, puts customers' interests first. Several important themes from the AFM surveys have now found their way into the revised self-regulation under the Dutch Association of Insurers. Furthermore, Achmea monitors its own progress on important themes such as Product development, Complaints management and Trusted communications. In addition to the interests of today's customers, we deliberately looked to the future over the past year. In this context we focused on developments relating to artificial intelligence and data and how to handle these responsibly as a business

CENTRAAL BEHEER

According to the Dutch Customer Experience Excellence Analysis 2020, a survey conducted by KPMG, Centraal Beheer offered one of the best customer experiences of all the financial service providers in the Netherlands in 2020. The upward trend of the past few years was continued and Centraal Beheer now stands at no. 9. The relational NPS for Centraal Beheer for property & casualty insurance for retail customers over 2020 is +23.

The Sum of Us for our customers

Achmea wants to contribute to financial solutions for now, tomorrow and later. This is why we are developing new types of mortgages that offer customers greater flexibility. Woonfonds launched the Woonfonds Krediet hypotheek (revolving mortgage) in 2020. This enables customers to borrow against the equity tied up in their own homes in a responsible manner. In 2020 Centraal Beheer launched the Leef Hypotheek; a mortgage geared as far as possible to the wishes of consumers. Funding for this new mortgage comes

from the Achmea Mortgages Investment Platform, which was launched by Syntus Achmea Real Estate & Finance in 2020. This platform enables pension funds, banks and insurers to invest in a proprietary portfolio of mortgages with the risk profile and interest term of their choice. Achmea Bank N.V. and Achmea Pensioen & Leven N.V. were the first investors to join this platform. This is an excellent example of our strategy 'The Sum of Us': by joining forces we accomplish more.

HOW WE CREATE VALUE FOR OUR CUSTOMERS CONTINUED

In 2020, Centraal Beheer again focused on solutions for a safe and sustainable living environment. For instance, Centraal Beheer expanded its range of services to

include home insulation and more solar panels were also installed on the roofs of customers this year. Read more on this in the chapter How we create value for society.

Independent agency Moneyview awarded Centraal Beheer's home contents insurance a maximum score of five stars, from both the perspective of customers and the market.

Progress was also made on carefree enterprise and good employment practices in 2020. Centraal Beheer launched a private car leasing scheme in 2020 via Wagenplan and the first contracts have now been concluded.

In response to the ongoing situation in 2020, Centraal Beheer offered residents of the Netherlands who were working from home advice on setting up an ergonomic workstation at home. In Centraal Beheer's Ondernemerswinkel, businesses could choose from about 40 services relating to compliance, contract management, HR services and mobility in 2020. Over 300 services have been purchased since its creation.

For financial solutions for now, tomorrow and later, Centraal Beheer launched the Leef Hypotheek (mortgage) in 2020. In addition, like Woonfonds, Centraal Beheer offered its customers the opportunity to customise arrangements in all kinds of ways that are more financially advantageous for our customers.

ZILVEREN KRUIS

'Good health closer to everyone' is the core strategy of Zilveren Kruis. A person's health is an overall picture. This has been the message of Zilveren Kruis since the autumn of 2020. Customers and non-customers can

Healthcare system in the Netherlands

The Netherlands has a healthcare system based on solidarity, one which performs well when it comes to the balance between quality, affordability and accessibility. It is based on a high degree of risk solidarity, which means that young and/or healthy people pay for the care of older and/or unhealthy people. At the same time, healthcare is facing major challenges. The demand for care is growing, partly because of the ageing population, but also due to growing staff shortages and limits to the affordability of care. To ensure that everyone in the Netherlands can count on good, accessible and affordable care in the future as well, healthcare needs to be organised more intelligently, based on the principles of the right care in the right place. We believe that the strength of this system lies in giving health insurers, care providers, patients, policyholders and the government the leeway to reach agreements at national, regional and local levels, to develop and try out concepts and to scale them up if they prove to be successful. This must take into account the interrelationships and specific contexts. For instance, the challenges surrounding the health of vulnerable people in a city like Utrecht require a completely different approach to the one needed to address the impending shortage of GPs in a province like Drenthe.

In the run-up to the Dutch general election, the focus is shifting back to the public-private nature of the Dutch

healthcare system. Some political parties argue in favour of a public healthcare system. In our opinion, not enough attention is being paid to how Dutch healthcare performs in the discussion, including from an international perspective. We do not believe that the system for healthcare in the Netherlands needs a radical overhaul, however, in our opinion, the health care is in need of more cooperation and innovation. As the largest health insurer in the Netherlands, we see it as our responsibility to take on a pioneering role in realising this change. That is why Zilveren Kruis presented a manifesto in the run-up to the Dutch general election. This manifesto contains five essential changes necessary to bring health and health care closer to everyone (see [Manifesto 2021](#) for an extensive description):

- Improve health by connecting care and well-being;
- Intensify cooperation in care networks;
- Let the elderly and people who are dependent on long-term care live at home for as long as possible;
- Accelerate the movement of home care through digital care and home treatment; and
- Strengthen the collaboration between primary and acute care.

With these necessary changes, we also safeguard the affordability, accessibility and quality of our health care in the future.

HOW WE CREATE VALUE FOR OUR CUSTOMERS CONTINUED

obtain insight into their overall health via a check on the website and can then immediately set to work, taking small steps at a time, with the aid of podcasts, inspiring magazine articles on the website and e.g. a programme for sleeping better. The relational NPS for Zilveren Kruis declined slightly last year from +5 to +3, although we note that the overall rating for our services remained unchanged versus last year.

Zilveren Kruis is working on a future-proof product portfolio that offers distinctive propositions and services. Our range of group and supplementary health insurance products has been revised and services have been expanded via Actify. In addition, there is a wide range of Healthy Enterprise services to help policyholders and groups to live and work more healthily.

Zilveren Kruis redesigned its community platform, 'Samen' (Together), in 2020. On this platform, Zilveren Kruis engages with community members to examine options for improving its services.

In line with the 'Good health closer to everyone' strategy, Zilveren Kruis is on-call to answer questions about health with the Zilveren Kruis Guide (Zilveren Kruis Wijzer). This app gives everyone access to a Dutch-speaking (medical) expert, regardless of whether they are at home, on holiday or on a day out. This Zilveren Kruis app was launched a few years ago as 'De vakantiedokter' (holiday doctor). The app has many users that ask questions. Thus we meet a need.

INTERPOLIS

Via its 'Focus on what's really important', Interpolis gives substance to the brand and the promise to customers made by Achmea and Interpolis. We believe in and work on the basis of a robust group of empowered customers. Here, having proper arrangements in place and understanding for one another and doing what matters form the 'Focus on what's really important' and make a difference in society. The relational NPS for Interpolis for property & casualty insurance for retail customers over 2020 is +20.

In the contest to choose Website of the Year, the Interpolis website was voted best of the year in the Dutch insurance sector.

Independent agency Moneyview awarded the Interpolis All-Risk home contents insurance five stars for its terms and conditions. This means the All-Risk home contents

insurance earned the highest rating that Moneyview confers for terms and conditions. The Interpolis car insurance with limited casco cover also scored five stars.

Interpolis launched its updated term life insurance policy in 2020. It also introduced the 'Services-after-claim' concept, a new service for retail customers who submit claims.

In addition, Interpolis worked on further developing its smart solutions for mobility, including the AutoModus and PhoNo apps and the educational virtual reality program WegWijzVR for primary schools. Via its new initiatives, Interpolis aims to encourage its customers to alter their behaviour, to make them stronger in dealing with and preventing risks and to contribute to solving major social problems. Interpolis contributes to safe home and living environments via the Isoleerwijzer (insulation guide), Inbraakbarometer (burglary

Solidarity or individual risk when setting premiums?

All insurance is based on solidarity: sharing the risks we cannot bear individually. We have found that this solidarity has been compromised in recent times: on the one hand because the market provides insurance designed for a specific user group with a low risk profile, and on the other because customers sometimes only purchase insurance because they expect to make a claim. Offering premiums based on individual risks undermines the idea of 'great' solidarity and may also lead

to uninsurability due to higher premiums. It is important for individual customers, but also from a social point of view, that everyone can insure themselves. This is only possible if the premiums for individual customers do not become too high. As an insurer with a cooperative identity, for us this creates a dilemma between a premium that is aligned with the risks of an individual policyholder on the one hand, and on the other the affordability of insurance for customers with high-risk profiles.

HOW WE CREATE VALUE FOR OUR CUSTOMERS CONTINUED

barometer) and 'green roofs' initiatives. In 2020, Interpolis also continued its initiatives in relation to well-being. The emphasis here was on preventing burnouts among millennials and on the mental health aspects of the coronavirus crisis through 'OpenUp'. Read more on these initiatives in the chapter How we create value for society.

FBTO

In 2020, FBTO launched a new accident insurance policy that offers more extensive coverage and has been simplified. A new term life insurance policy was also introduced, in which customers pay the same premium each month. The continuous travel insurance policy was improved and now offers additional options. FBTO is an innovator not just in insurance, but also when it comes to customer contacts. Since 2020 'Hey Google!' has been the starting point for taking out FBTO travel insurance via the Google Assistant. Premiums for 2021 FBTO health insurance policies can also be calculated there. Moreover, in 2020 FBTO started a pilot scheme for paying outstanding premiums via Tikkie. For the second year in a row FBTO won the Shopping Award in the category 'Personal and Financial Services' for further improving [FBTO.nl](https://www.fbto.nl) and the 'mobile first' website. The Shopping Awards are high-profile industry and jury awards for e-commerce in the Netherlands.

AVÉRO ACHMEA

Avéro Achmea wants to help customers make deliberate choices on topical issues, such as cyber risks, digitisation and risk management. It aims to raise awareness among

financial advisors of the cyber risks to which SMEs are exposed and offers a 'Risk advisor' training course. The first participants completed this course in 2020. Avéro Achmea also helps advisors to develop their own businesses via its 'Voorzie' consultancy services.

INSHARED

Fewer claims mean that InShared can retain a larger amount of money. Any money left in the claims pot is paid back to customers via the end-of-year reward. InShared earned a NPS of +25, eight points higher than in 2019.

ACHMEA BANK

As of 1 November 2020, Achmea Bank acquired a portfolio of Dutch residential mortgages from BinckBank, part of the Saxo Bank Group. The acquisition of this portfolio, about €460 million in size, underlines Achmea's growth ambitions in mortgages.

Woonfonds won the Gouden Lotus Award 2020 for most innovative mortgage product with its Woonfonds Krediethypotheek. Many older people have a large portion of their equity tied up in their homes. The Krediethypotheek enables them to borrow against this equity in a responsible manner, for instance to make their home more sustainable or top up their pensions.

ACHMEA PENSIOENSERVICES (APS)

In collaboration with PGB (graphic businesses pension fund) and IT provider CGI, Achmea Pension Services has created a consortium for setting up a pension administration platform based on the platform of

Utrecht-based company InAdmin RiskCo (see also the chapter How we create value via our processes). A recent survey by an external agency shows that APS is one of the most frequently recommended pension administrators. We welcomed two new customers in 2020: SPH (GP pension fund) and ADP (Ahold Delhaize pension fund). The results of the annual customer satisfaction survey yield show that the overall rating for APS services of 8.0 is the same as in 2019. In 2020 APS earned second place at the World Pensions Summit Innovation Awards. Here, together with SBZ and Shell, APS presented the Collective Variable Pension, a blueprint for future pensions.

ACHMEA INVESTMENT MANAGEMENT

In 2020 Achmea Investment Management continued its drive to become a trend-setting Dutch asset manager that is relevant to its customers on a daily basis when it comes to retirement services. Achmea Investment Management aims to set itself apart in displaying empathy and creating a connection between Achmea Investment Management employees and customers. This again received good ratings in 2020, as can be seen, for instance, from the customer satisfaction score of 7.7.

SYNTRUS ACHMEA REAL ESTATE & FINANCE (SYNTRUS ACHMEA)

Via its asset management, Syntrus Achmea aims to contribute to a future-proof society by opting for sustainable investments with a financial and social return. As an urban partner, for instance, we want to bring together all those parties that can help to make

HOW WE CREATE VALUE FOR OUR CUSTOMERS CONTINUED

areas and cities better: attractive, sustainable and inclusive. Another important aspect is that we are and remain relevant to the institutional investors on whose behalf we invest in real estate and mortgages. In this context, these investments need to contribute to the financial and sustainability goals of these customers. The introduction at the end of 2020 of the separate account for mortgages that enables us to offer investors customised solutions is a good example of this. The overall service level over 2020 was rated by our institutional investors at 7.7. This is the same as last year and indicates that we continue to serve our customers well, in spite of the Covid-19 pandemic.

ACHMEA INTERNATIONALAAL

In December, Achmea announced its plan to boost its presence in Slovakia by taking over the insurer

Poštová poisťovňa. This acquisition will lead to Achmea increasing its scale and distribution power in Slovakia.

Interamerican's Medi ON app received a Silver Award at the Mobile Excellence Awards 2020 in the category Mobile application in the category Health. Among other things, this app offers the option of assessing Covid-19 symptoms remotely. In 2020, Union launched a Pay-as-you-drive product for customers who may be driving less due to working more from home.

EurekokPit, a tool for handling claims digitally thanks to direct contact via cameras between the customer and the loss adjuster at Eureka Sigorta, proved its worth during the Covid-19 pandemic. The tool had been launched in 2019, but its use increased in 2020 and it is much appreciated by customers.



**SYNTRUS ACHMEA REAL ESTATE & FINANCE
CONTRIBUTES TO URBAN MOBILITY
AND LIVABILITY**

In June 2020, 137 homes were completed in Remisehof, Rotterdam South, an investment of the Achmea Dutch Residential Fund. A major social goal of this project is to promote mobility within Rotterdam from the social housing sector. It's great to see we've been able to contribute to this! Many of the new residents come from the surrounding areas, including Afrikaanderwijk. Some of them are moving out of social housing. The homes are built in a variety of sizes and layouts around a communal garden that enables residents to enjoy a child-friendly urban living space.

syntrus | achmea

HOW WE CREATE VALUE FOR OUR EMPLOYEES

Our employees are the beating heart of our company. We use our HR policy to ensure that our employees can put their talents to the best-possible use, so that our customers feel they are receiving assistance and Achmea is able to contribute to a healthy, safe and future-proof society.

THE IMPACT OF COVID-19

Unless they need to come to the office, our employees have worked completely from home since 16 March 2020. Schools and childcare facilities were closed temporarily in 2020. For some of our employees this meant they had to combine working from home with caring for their children. Employees were asked to consult with their managers on how best to combine work and care duties. Where necessary, they were allowed to work one or two hours a day less. Working from home also required (temporary) measures to set up a home workstation. Employees were given the opportunity to purchase an office chair and a monitor. This period of working from home and the prospect of working from home more in future than we used to led to us revising the teleworking regulations. The new Working from Home regulations, which entered into effect on 1 October, also devote attention to mental aspects, such as creating a workstation that enables you to focus easily. In addition, as of 1 October employees receive a home working allowance. The structural travel expenses allowance was suspended as of 1 May. In the 'Future of Working' programme Achmea is pro-actively working on the future after Covid-19, with a view to learning from the experience of working from home

and further improving how we work. A number of pilot schemes are being held to identify which aspects of working from home employees like and which require improvement. Examples include hybrid working and healthy teleworking.

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 87.4%, the response rate in 2020 was once again high (2019: 87%). The survey therefore provides a reliable picture of employee engagement at Achmea. Achmea intends to unite the power of the individual divisions within the strategy 'The Sum of Us'. The survey therefore asks whether teams work well within the chain. Employees gave this question a score of 7.5, which is in line with our objective for 2020. Our ambition is to see an upward trend in this rating.

Covid pulse surveys were used to ask employees how they experienced working from home for an extended period. These demonstrated that Achmea scores significantly better than the benchmark we defined on most themes. Employees are proud to have the option of working remotely. In addition, collaboration with colleagues was most often mentioned as something that colleagues are proud of. The work-leisure balance proved to be a point that requires attention. The employee engagement survey scored marginally lower

than our target for the Vitality theme: 7.2 (target: 7.3). There was a slight increase in the extent to which employees felt supported in leading a healthy life and work style (2020: 7.1; 2019: 6.9); the perceived level of fitness is slightly lower (2020: 7.2 and in 2019: 7.3). This is probably the result of working from home, childcare, having to find a new work-life balance and no prospect of a 'new normal'. This means that the realised vitality score fell just short of our target.

GREATER BALANCE IN 34 HOURS

Achmea recognises the importance of creating a balance between your professional and private lives. For this reason, a collective labour agreement was concluded in 2019 in which the standard number of working hours is reduced to 34 hours a week from 2021. Achmea has spent the past year preparing to implement this and employees were able to indicate whether they wished to switch to a full-time working week of 34 hours in 2021. Of the full-timers, 38.1% are switching to a 34-hour working week in 2021. Employees will still be allowed to work a 9-hour day in 2021; this work pattern will be reduced to a maximum of 8.5 hours a day from 2022. We expect more employees to opt for a 34-hour working week in 2022.

BOOSTING OUR IMAGE

We want to further strengthen our brand as an employer. A new employer branding campaign was launched in 2020 to this end. This stresses the innovative and social nature of Achmea. The campaign targets well-educated young people up to the age of 35.

HOW WE CREATE VALUE FOR OUR EMPLOYEES CONTINUED

Achmea's reputation score increased last year from 59.9 (2019) to 60.9. Furthermore, in 2020 Achmea was again named best employer in the pension fund and insurer category by the Intermediar brand survey. The NPS score for recommending Achmea as an employer increased again last year from 21.3 (2019), to 31.3. That is well above the benchmark of -0.9.

DEVELOPING TALENT AND EXPERTISE

Achmea has identified 'Developing employees & organisation' as a spearhead in the 2020-2022 period. We provide plenty of opportunities to our employees to assist them in working on their talents and expertise. TOP (Talent, Development and Performance) was introduced in 2019 with the aim of conducting 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 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. Achmea offers a wide range of courses (including training and coaching) that can mostly be done online. In 2020, 57,889 training courses were followed and the average rating was 7.5.

FURTHER DEVELOPING LEADERSHIP

Achmea wants to develop the coaching role of managers further. A new aspect was added to this as a result of Covid-19: remote leadership. Managers shared their

experiences of this and how they addressed issues in podcasts. The Employee Engagement Survey score for Leadership was 7.8, the same as in 2019. The training courses 'Leader as a team coach' and 'Leader as an individual coach' were converted into online courses. They were opened up to non-hierarchical managers as well. 60% of all managers followed both training courses by the end of 2020. More than 20% has followed one of the two courses. A leadership programme was also developed for the Directors' Council last year. This was aimed at supporting the transition from efficient chains to an impactful Achmea. This programme will be implemented in 2021.

DIVERSITY AND INCLUSION

Achmea aims to have a diverse and inclusive workforce. In 2020, in collaboration with TNO and the Dutch Ministry of Social Affairs and Employment, Achmea worked on creating a selection process that contains no value judgements. In order to assess and select candidates on their qualities as objectively as possible, 'nudging in recruitment and selection' modifications were made to the job application process during the pilot scheme. This is expected to lead to greater diversity in our company. The results of the pilot scheme should be known in 2021. The aim is to strike the right balance in terms of gender diversity at all levels, while the goal is to have at least 30% female employees. The table below gives the percentage of male and female employees at Achmea. The percentage of women in senior management increased slightly to 32% (year-end 2019). 31%). The same goes for the percentage of

MALE/FEMALE RATIO AT ACHMEA AS AT END DECEMBER

	male		female	
	2020	2019	2020	2019
Supervisory Board	56%	67%	44%	33%
Executive Board	67%	67%	33%	33%
Directors' Council	77%	78%	23%	22%
Sr Management	68%	69%	32%	31%
Executive level	73%	47%	27%	26%
Total Achmea	53%	52%	47%	48%

Excluding third-party companies and international operating companies

women at executive level, which increased marginally to 27% (year-end 2019: 26%).

Achmea has participated in the Prestatieladder Sociale Ondernemen (social enterprise performance ladder) since 2020 and holds prospective member status.

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 2020 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 12 requests for advice and eight requests for consent in 2020. Achmea also held talks with the trade unions about the current collective labour agreement.

HOW WE CREATE VALUE FOR OUR EMPLOYEES CONTINUED

PREVENTING UNDESIRABLE BEHAVIOUR

We aim to prevent undesirable behaviour, partly through clear communications on the subject. We have a complaint system for dealing with complaints of undesirable behaviour and more than 20 internal and external confidential advisers for employees. In 2020, the confidential advisers oversaw 70 cases related to undesirable behaviour (2019: 75 cases). Two complaints were submitted to the Undesirable Behaviour Complaints Committee in 2020. One complaint was dealt with via the internal and external confidential advisers under the Whistleblower scheme in 2020.

ETHICAL CORPORATE CULTURE

Achmea attaches a great deal of importance to an ethical corporate culture. This is why Achmea conducts an annual integrity risk analysis and a General Code of Conduct applies to all employees. Employees can follow an e-learning integrity module. About 94% of our internal and external employees have completed this module since 2017. The module gives them tips on how to recognise integrity dilemmas in their day-to-day work and the correct way to deal with them. Employees also swear an oath or affirmation in which they promise to carry out their work in an ethical and prudent manner.

HOW WE CREATE VALUE WITH AND FOR OUR PARTNERS

Achmea works with a variety of partners in its drive to improve and renew its range of insurance policies and services. Apart from its strategic partner Rabobank, Achmea also works with partners in Turkey and Canada. We work together with IT partners, including Atos, within the context of management activities for the Achmea platform. In addition, we work with insurance brokers, healthcare providers, vitality partners and organisations operating in the social domain. Our aim in working with all these partners is to create value for our customers and for society.

ACHMEA AND RABOBANK

The partnership between Rabobank and Interpolis/Achmea goes back decades and has its origins in the cooperative background of the two companies. By complementing its banking services with Interpolis insurance policies, Rabobank is able to offer its customers a wide range of services. This has resulted in sizeable portfolios for property & casualty, income protection and term life insurance. Moreover, we continue to improve our services, renew the range of available products and further expand our online customer service. About 60% of retail customers and approximately 45% of small business customers now arrange their insurance using online channels. This excellent result is partly thanks to the efforts of a large number of joint teams. These teams have also worked on new insurance policies and services, such as the new term life insurance. Interpolis and Rabobank are cooperating on a new online range of insurance policies for businesses.

The two companies always look to offer solutions to broader problems experienced by customers. For instance, a few years ago Rabobank and Interpolis developed the IkWoonLeefZorg platform, which helps senior citizens to live in their own homes for longer. A customer proposition for safe and sustainable living is currently being worked out. In terms of prevention, Rabobank has included the Interpolis 'green roofs' proposition in its online products.

FAIRFAX FINANCIAL AND GARANTI BBVA

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

unique network and digital focus. Eureko Sigorta and Garanti BBVA work together to serve customers via a direct digital channel.

PARTNERS IN INNOVATION

Partnership Eurapco

Eurapco is a partnership between Achmea and seven other European insurers. New initiatives are developed within this partnership. As part of this, in 2020 the focus was on the social role that mutual insurance companies can play in the Covid-19 crisis. The Eurekans leadership programme involves talented employees from a variety of partners working together on tangible issues. This led to the decision at two partners to develop a proof of concept for an informal care platform. In the Eurapcolab, efforts are pooled to develop joint innovations. The annual Eurapco event for members was held online this year.

The Sum of Us with and for partners

Achmea wants to contribute to a healthy, safe and future-proof society. We cannot realise this great ambition by ourselves. This is why Achmea works together with other companies, such as Royal HaskoningDHV and healthcare institutions. As part of the Green Deal, healthcare institutions are busy creating roadmaps for making healthcare more sustainable. In 2020, together with Royal HaskoningDHV and two major healthcare partners, Achmea took initial steps towards enriching these roadmaps

with healthcare intelligence. For Achmea, making healthcare real estate (buildings used for healthcare services) more sustainable goes beyond installing solar panels and green roofs. It also involves estimating future demand for healthcare, or to put it another way: combining the energy transition with the healthcare transition. Via this partnership we aim to help make the right real estate more sustainable to enable good, efficient healthcare at an affordable price.

HOW WE CREATE VALUE WITH AND FOR OUR PARTNERS CONTINUED

Partners in healthcare

Achmea works together with a variety of partners. The collaboration between Tergooi Hospital and Zilveren Kruis was developed further in 2020. Together with regional care providers, Tergooi and Zilveren Kruis increasingly organise care around the patients themselves. The Care Closer to Home programme brings care into the patient's own home or to the hospital. The programme includes telemonitoring for chronic heart failure and moving treatments, like chemotherapy, into the home. The use of telemonitoring for COPD increased in 2020. A number of pilot projects, such as the fracture prevention care pathway, were also launched in 2020. This allows patients to be screened for osteoporosis after suffering their first fracture.

The project 'Better Together in North' was continued in 2020; this is a partnership between Zilveren Kruis, the municipality of Amsterdam, Amsterdam healthcare and welfare providers and the Dutch healthcare authority (NZa). The project is aimed at residents of Amsterdam-North with multiple medical conditions who regularly need to attend A&E. If no physical cause can be identified, patients do not always receive the most appropriate after-care. The project aims to produce a more appropriate follow-up phase for patients. In 2020, Zilveren Kruis announced it would offer healthcare providers what is known as mirroring data; this allows providers to compare their practices with their peers and learn from them. Zilveren Kruis also focuses on reducing the workload of GPs, pharmacists and specialists.

Many older people have spent a large amount of time shut up in their own homes during the coronavirus pandemic, unable to receive visitors. In 2020, Zilveren Kruis launched a partnership with Stichting Met je hart (foundation for vulnerable senior citizens). The initiative draws attention to the growing problem of isolation among older people. Zilveren Kruis wants to connect the foundation to senior citizen groups in an attempt to increase the number of municipalities in which it is active.

Partners in living environment and mobility

In 2020, in collaboration with Hlprs, Centraal Beheer launched the Domestic Help service that seeks to help customers find a good cleaner. Centraal Beheer also works together with Heijmans on a variety of programmes. For instance, Heijmans has selected the Homies app to use in its smart homes. In 2020 Interpolis, together with the municipality of Tilburg, installed BikeScout at its location in Tilburg. BikeScout is a system designed by Heijmans that warns motorists of approaching cyclists. Our goal here is to contribute to road traffic safety.

Onlia initiated a partnership with Setter in 2020. Onlia's customers can have a safety check-up carried out when they take out car and home contents insurance. Policyholders are helped to identify risks by means of a personal plan containing recommendations.

Partners in business and employment practices

Achmea is working to make its pension solutions future-proof. In 2020, several pension funds selected Centraal Beheer General Pension Fund (GPF), which unites the forces of pension funds, employers and employees, to be their administrator. These new entrants to the fund are a further boost to its market position. In 2020, Centraal Beheer GPF launched the new 'multi-client defined benefit ring' for smaller pension funds with a high funding ratio as a response to the challenging process of merging pension funds. Together with pension fund PGB and IT service provider CGI, Achmea decided to set up a new platform for pension administration in 2020. Read more on this in the chapter How we create value via our processes.

Partners in financial solutions

Achmea, TNO and a number of Dutch banks have started the first projects within the Partnership for Cyber Security Innovation (PCSI). The aim is to use the results of research and projects to better arm society against cyber-attacks. Within this partnership, the partners bring together applied research, the latest data and challenges from society relating to cybersecurity.

BROKERS

A large portion of the employers and entrepreneurs in the Netherlands opt for advice and brokerage services when choosing insurance. Achmea offers property & casualty and income protection insurance under the Avéro Achmea brand and health insurance under the Zilveren Kruis brand. We work with intermediaries who

HOW WE CREATE VALUE WITH AND FOR OUR PARTNERS CONTINUED

can provide value to customers through their advice. We want to make brokers successful in a sustainable way and develop programs around themes such as long-term employability, digitisation, risk management and healthy enterprise. Together with a group of experts, Avéro Achmea and Voorzie, an initiative of Avéro Achmea, organised the webinar 'Business continuity at a time of crisis' in 2020. During the webinar, three experts explained the corresponding scenarios and analyses for the current crisis. At Syntrus Achmea Real Estate & Finance, a new mortgage business was set up to manage the production processes of Achmea's individual mortgage brands (Centraal Beheer, Woonfonds, Attens and Syntrus Achmea). This means that brokers now have

a single point of contact for all of Achmea's mortgage brands. Growth of the Centraal Beheer mortgage brand on the broker market is another ambition of Achmea. For commercial property & casualty policies, the co-insurance and underwriting channels contributed to improvements through 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 choose to work with brokers who, together with ourselves, invest in vitality and healthy enterprise.



YOUNG PEOPLE'S SAFETY IN TRAFFIC

Interpol wants to improve road traffic safety in the Netherlands and prevent accidents. By highlighting the topic for young people and offering them a solution that helps them not to use their mobile phones. How do we do this? By starting the conversation in something that young people already embrace wholeheartedly: Dutch hip hop. In collaboration with Snelle, Interpol recorded a track and high-profile video clip based on true stories. A short documentary explains how the track and video clip are grounded in reality. And finally, an app aimed at raising awareness among young people: PhoNo.

Interpol



HOW WE CREATE VALUE VIA OUR PROCESSES

With the aid of its IT platform, Achmea wants to ensure the safe and secure processing of data in an environment that is growing in complexity and uses technology that offers an increasing range of options. Our aim is for customers, employees and partners to be able to do business with Achmea securely. We accomplish this through using data as a strategic asset and digitising how we work. All of this is done with due care and respect for privacy.

DIGITISATION THANKS TO ROBUST IT PLATFORM

The investments in the Achmea's IT platform proved their worth in 2020. During the coronavirus pandemic, our IT platform enabled all our employees to work online safely from home. Delivery of the Windows 10 workstations was completed successfully in 2020. We migrated to Microsoft Teams in order to support online working as much as possible. A variety of functions, such as chatbots, were added to the customer services on our customer contact platform. Employees who serve customers now also have more detailed information at their disposal. In 2020, we continued to test our administrative systems against the new IFRS 9 and IFRS 17 accounting standards. Just as in 2019 we continued to automate our IT management activities. Despite our employees largely working online from home, there were fewer incidents on our IT platform. In the autumn of 2020 we started preparing for a safe return to the office after Covid-19.

NON-LIFE

The renewal of the shared property & casualty platform

was continued in 2020, with the transfer of Centraal Beheer and FBTO policies to this platform. New propositions were developed on the strength of this new platform, such as the Centraal Beheer vehicle insurance and FBTO continuous travel insurance policies. There are now more options for submitting claims online. Interpolis, Centraal Beheer and FBTO customers can submit their claims online via the app. Our customers can now also view the status of their claims. With the coronavirus restrictions affecting how we work, loss adjusters dealt with claims remotely using images. The information provided on the Centraal Beheer and Interpolis websites was expanded. Customers can turn to the chatbots to find answers to a growing number of questions. The Interpolis Virtual Assistant answers

questions on property & casualty for retail customers, while Centraal Beheer's CeeBee chatbot also answers queries on business insurance.

A number of innovations have been implemented in the property & casualty platform for businesses. Following the transfer of the Interpolis Zeker van je Zaak (business security) proposition policies to the new property & casualty platform in 2019, the outdated system was taken out of service in 2020. In collaboration with Rabobank, a start has been made on renewing digital services for business property & casualty customers.

The propositions for Interpolis and Avéro Achmea disability insurance have been revised. The portal for brokers who work with Avéro Achmea has been

How we use data and technology to work digitally

Achmea wants to use data and technology to generate information that sets it apart and facilitate online working. Enhanced and more efficient customer services are a priority here. In 2020 we implemented a number of initiatives in our property & casualty business in order to work on a more data-driven basis.

For business property & casualty insurance we are working on a new method of underwriting through the use of data. Data relating to risks, previous loss adjustment processes, preventive measures and the risk culture of customers are used to enable quicker underwriting of these customers and advise them how

to mitigate risks. We are developing forecasting models in order to be able to handle personal injury claims more efficiently. The aim here is to achieve a shorter turnaround, improved financial provisioning and higher customer satisfaction. We are investigating the option of using image recognition to handle claims arising from traffic accidents. The goal is to be able to handle minor vehicle damage claims more quickly. This frees up the loss adjusters to work on more complex claims.

These initiatives mean that we increasingly work online. We want to make it easier and more secure for customers, employees and partners to work with Achmea.

HOW WE CREATE VALUE VIA OUR PROCESSES CONTINUED

overhauled. Improvements have also been made to the digital health statement.

HEALTH

The consolidation of the health insurance activities of Avéro Achmea and Zilveren Kruis at the end of 2019 led to improved efficiency in the back office in 2020. From our customer contact centre, digital assistant Zoë supports employees when answering questions about claims reimbursement. Zoë uses written natural language recognition. Developing Zoë in 2020 taught us that it takes time to implement this kind of technology.

In 2020, we introduced a new house style and several user-friendly features on the public website, the customer domain and the app. The Zilveren Kruis care administration offices in the region Flevoland were connected to the national personal care budget portal in 2020, giving clients better insight into their personal

budgets. De Friesland's health office started using the Zilveren Kruis systems as of 1 January 2020.

RETIREMENT SERVICES

In collaboration with PGB (graphic businesses pension fund) and IT provider CGI, Achmea Pension Services has created a consortium for setting up a pension administration platform based on the platform of Utrecht-based company InAdmin RiskCo. Achmea and PGB acquired this company in 2020. The goal is to offer the pension administration platform to the entire pension sector.

A number of new customers joined the Centraal Beheer GPF in 2020. Achmea also consolidated its mortgage activities in 2020. Mortgage production now takes place at Syntrus Achmea Real Estate & Finance; the marketing activities of Woonfonds have been combined with those of Centraal Beheer.

Centraal Beheer introduced the Leef Hypotheek. More information can be found on this in the chapter How we create value for our customers. The information on www.centraalbeheer.nl has been adjusted for those people who wish to buy or renovate a home. This was partly done in response to an online aptitude test for customers who wish to arrange their own mortgage themselves.

Achmea Bank customers with interest-only mortgages were contacted about the future affordability of their mortgage by means of an affordability test. A number of our customers took advantage of this. This initiative will be repeated in 2021. Adjustments were also made to customer identification and transaction monitoring processes owing to the requirements of the Financial Supervision Act (Wft) and the Money Laundering and Terrorist Financing (Prevention) Act (Wwft).

Achmea Investment Management has managed the assets of Pensioenfond Vervoer since 1 January 2020. Welcoming this pension fund as a customer further consolidates our position in fiduciary asset management.

PENSION & LIFE

In 2020 we continued to work on digitising the pension and life insurance business and making it more efficient. For instance, the process for altering policies was improved for Avéro Achmea customers in 2020. The options to pay by means of Betaalmail, a digital invoice, as an alternative

Trust demands more than just compliance with laws and legislation

Achmea wants customers, employees and partners to be able to work securely with their information. This means that processing in our systems must at least meet IT security standards and comply with privacy legislation and the GDPR. Yet Achmea aims to go further, as a trusted way of working goes beyond just complying with standards and laws. Driven by our cooperative identity, we want to use information and technology in an ethical manner in the interests of our

customers, stakeholders and society. To this end we are developing a moral compass that challenges us to enter into dialogue on this topic. We also want to bring up this topic with our tech providers. The reality is, however, that we are not always capable of directly influencing major tech providers. Achmea want to enter into dialogue with them and make arrangements to find solutions, driven by our own moral compass and within the confines of Dutch laws and legislation.

HOW WE CREATE VALUE VIA OUR PROCESSES CONTINUED

to giro collection forms were expanded. Robotisation is used in the handling of E-mails. A significant portion of customers with life insurance policies have responded positively to the possibility of digital communication. The fixed-premium term life insurance policy was added to the propositions offered by Centraal Beheer and Interpolis. Pension insurance customers also use our digital services. Since 2020 they have had the option of putting their questions to a chatbot.

INTERNATIONAL

In 2020 we reinforced the exchange of IT expertise between the individual segments in the Netherlands and the international operating companies. The Dutch segments advise the operating companies on areas such as IT architecture, IT security, workstation design and data governance. In addition, advice was given on the IT strategy and strategic IT processes of the operating companies, including implementation of IFRS 9 and IFRS 17.



ONLINE DEALINGS WITH HEALTHCARE PROVIDERS. ALSO IMPORTANT.

Online contact with a healthcare provider where and when it suits you. A growing number of healthcare services can be conducted from your own home. Or from any other favourite spot in your neighbourhood. People seem to feel better about dealing with these things in this way. They feel more in control and more independent. And this has a positive effect on their health. This is why Zilveren Kruis is working to digitise healthcare. We make it possible to put health questions directly to a (medical) expert via an app. And COPD patients, for example, can be monitored remotely. Or people with mental health issues can hold online consultations with their healthcare provider.



HOW WE CREATE FINANCIAL VALUE

As a major financial services provider, we believe it is important for all our stakeholders that we have a robust financial position and earn sound financial results, both in the short and long term. We use the majority of the premiums we receive to compensate for damage or loss and to pay benefits. For instance, within our health business we paid out 96% of the premiums that we received over 2020 to compensate for healthcare expenses. These expenses relate on the one hand to payments to healthcare providers and/or policyholders for received care. On the other, in 2020 these expenses related to the various measures adopted in this exceptional year to support healthcare providers financially. As a market leader in health insurance, Achmea took the initiative in collaboration with other health insurers to make an effort to keep healthcare

accessible to policyholders, while also supporting healthcare providers. This was done by adopting a variety of measures to compensate healthcare providers for lost income and additional expenses caused by Covid-19. Thanks to this initiative, healthcare providers will again be able to deliver value and healthcare to policyholders in 2021.

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 that require adequate buffers, such as the historically low interest rates that are squeezing investment returns and putting our solvency ratio under pressure.

We offer our customers care and financial security and enter into long-term relationships with them. Our policyholders rely on us to be able to give them that security when they need it. This might be relatively rapid, for instance on a visit to the dentist, but also dozens of years later when a customer decides to retire. Robust capital buffers are extremely important to being able to meet these liabilities in the future as well.

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

Our primary financial stakeholders are our shareholders, bondholders and credit rating agencies. Stable results and healthy reserves enable us to meet our financial obligations to our shareholders and bondholders as well. For instance, our shareholders receive a predictable dividend each year and we pay interest on the bonds we issue. In addition, a sound credit rating allows us to borrow at a favourable rate on the capital market.

Robust financial performance and investment policy

Achmea aims to invest responsibly and in doing so create value for its customers and for society on top of financial value. This can mean that we exclude some companies from our investment portfolio. A consequence of this is that we may not be able to earn an attractive (short-term) return, which in turn affects our results. Moreover, exclusion means that we can no longer exert influence within the company in question. This is a major dilemma: can Achmea achieve more in the real economy via engagement processes or by excluding companies? Our cooperative identity leads us to take our role in society very seriously and we strive to take the world around

us into account as much as possible. This also applies when selecting those companies in which we want to invest. In doing so, we seek to strike a balance between the interests of all the stakeholders and also consider how we can be most effective in creating impact in society. Furthermore, we do not believe that responsible investment requires any concessions to long-term performance: companies that take the world around them into account are usually innovative and well prepared for the future. This is how we generate a robust long-term return on our investments and aim to create value for society and for our customers.

HOW WE CREATE FINANCIAL VALUE CONTINUED

These low financing expenses in turn help us to offer our insurance products at competitive prices.

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

OUR RESULTS IN 2020

Below is a brief explanation of Achmea's results in 2020. A more detailed explanation is included in Part 2 Annual Report, chapter Results and developments in 2020.

Financial results

The enormous impact of the Covid-19 outbreak on society, including our customers and business operations, dominated 2020. The operational result increased to €630 million in 2020 (2019: €547 million). This financial result was also significantly affected by Covid-19. The cost of claims on event and sickness insurance increased, while the negative trends on the financial markets, especially in the first half of the year, had a negative impact on the investment results. These effects were more than compensated for by the result at our health business and the lower cost of claims in the vehicle and fire insurance portfolios.

Gross written premiums increased slightly by 1% to €20,175 million in 2020 (2019: €19,949 million). The

Result and return

Operational result

(€ million)

2020	2019
630	547

Business performance

Gross written premiums (€ million)



Gross operating expenses (€ million)



fall in premiums due to the closed-book Life was offset by premium growth in Non-Life and Health. Premiums from our Dutch Property & Casualty and Income Protection insurance grew by €104 million (3%) thanks to an increase in the number of customers

Solvency, dividend and rating

Solvency (SII)

(%)

2020	2019
208%	214%

Debt leverage ratio (%)

(%)

2020	2019
24.0%	24.9%

Rating Achmea B.V. Fitch

2020	2019
A	A

Rating Achmea B.V. S&P

2020	2019
BBB+	BBB+

and adjustments to premiums. Premiums from our international Property & Casualty and Income Protection insurance increased by €11 million (2%), mainly due to growth in Greece and Australia. Overall, premiums within the Dutch Health business increased, partly as a result of the contributions from the emergency and solidarity schemes. Premiums from our international Health business grew by €54 million, primarily thanks to an increase in the number of health insurance policyholders in Slovakia.

Premiums from Pension & Life insurance activities in the Netherlands decreased by 14%. This drop is in line with

HOW WE CREATE FINANCIAL VALUE CONTINUED

our service-book strategy. Premiums in the open-book portfolio noted a small increase.

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 €36 million to €378 million (2019: €342 million) within the Retirement Services segment due to new customers. This increase is being driven by higher revenues at Achmea Bank, Achmea Investment Management, Achmea Pension Services and Syntrus Achmea Real Estate & Finance. Our service propositions also continue to evolve. With these services we not only want to contribute to a healthy, safe and future-proof society through means such as damage prevention, we also expand our business model.

Gross operating expenses were €34 million lower in 2020 than in 2019 (2020: €2,058 million; 2019: €2,092 million). The lower expenses can partly be attributed to a smaller external workforce thanks to efficiency improvements and to lower expenses due to the Covid-19 outbreak. External contractor and marketing expenses were also lower in 2020. These effects more than compensated for an underlying increase in internal

HR expenses, primarily from higher pension charges as a result of a lower notional interest rate.

Financial position

Based on the Partial Internal Model, Achmea Group's solvency ratio declined from 214% as of year-end 2019 to 208% as of year-end 2020. This can partly be explained by the inclusion of the banking entities (Achmea Bank, Achmea Investment Management and Syntrus Achmea Real Estate & Finance) in the group solvency ratio from the end of 2020 in accordance with further regulation by DNB (impact of minus 8 basis points). The solvency at the end of 2019 of 214% already took into account the proposed dividend payment as part of the 2019 profit appropriation. Due to the developments related to the Covid-19 pandemic and the call from EIOPA and DNB to be reluctant towards dividend payments, Achmea decided in April 2020 to hold the decision to distribute dividend and assess in the second half of 2020 whether a payment was still possible. In September 2020, Achmea decided, with the consent of DNB, to make a capital distribution.

The debt-leverage ratio¹ decreased to 24.0% (2019: 24.9%). This improvement is the result of an increase in total equity versus a more or less unchanged debt

position. In relation to the debt position, a Senior Unsecured bond worth €750 million was issued in May 2020 and used to refinance a previously-issued Senior Unsecured bond worth €750 million in November 2020. On 8 September 2020, Standard & Poor's (S&P) affirmed its A rating and stable outlook for Achmea's Dutch core insurance entities. S&P's judgement was that both Achmea's revenue and its results would be negatively affected by the Covid-19 pandemic in 2020, but assumes that the group will remain solid thanks to its, according to S&P, robust capitalisation and strong market position. The credit rating (ICR²) for Achmea B.V. remained unchanged at BBB+. Fitch affirmed rating for Achmea B.V. and its insurance entities on 4 September 2020. This decision was supported by a Very Strong PRIMS FBM score³. The rating are A ((IDR⁴) and A+ (IFS⁵) and they have a 'stable outlook'. The rating A (IDR) of Achmea Bank N.V. is affirmed by Fitch with a 'stable outlook'.

¹ Debt-leverage ratio: (non-banking debt + perpetual subordinated bonds) as a percentage of the total (total equity + non-banking debt + perpetual subordinated bonds minus goodwill)

² ICR: Issuer Credit Rating

³ PRIMS FBM: Prism Factor-Based Model, a risk-based capital model

⁴ IDR: Issuer Default Rating

⁵ IFS: Insurer Financial Strength

The supplements contain further information on the preceding sections in this annual report. Supplement A describes the basic principles we apply when compiling the annual report. This annual report was compiled in line with the GRI guidelines and principles as given in the PSI. In Supplements B and C we explain how we do this. The GRI guidelines require specific HR information. In addition to the information given in the chapter Objectives and results – How we create value for our employees’ this is included in supplement D. Supplement E complements the chapter ‘Objectives and results – How we create value for society’ and contains information on the carbon footprint of our business operations and investments. In Supplement F we make the connection between the individual sections of the annual report (Context and Strategy and Objectives and results) by showing how the material topics are embedded in the strategic pillars of our strategy and how we focus on these material topics. Finally, Supplement G contains a glossary of terms that may be relevant when reading information on a financial service provider.

SUPPLEMENTS

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SUPPLEMENT A. REPORTING PRINCIPLES

Achmea's annual report, prepared under the responsibility of the Executive Board of Achmea B.V., comprises two parts:

- 1) Part 1 is the 'Annual Review'. This is aimed at a broader target audience, such as customers, employees and interest groups. In conjunction with the first section of part 2 (Results and developments in 2020), this constitutes the Executive Board's report and describes our strategy, the progress made in 2020 and our vision of the future. The supplements to part 1 contain detailed sustainability reporting information. They also include a description of how we comply with the sustainable-reporting guidelines published by the Global Reporting Initiative (GRI) and the Principles for Sustainable Insurance (PSI) to which Achmea has signed up.
- 2) Part 2 is the 'Year Report' and includes the consolidated and separate financial statements for Achmea over 2020. The first section of part 2 is part of the Executive Board's report (the 'Annual Review', which is part of the Executive Board's report, is included in part 1) and also contains the Supervisory Board report, as well as a report on our governance and risk management.

Our annual report can be downloaded from our website (www.achmea.nl) from 13 April 2021. 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 part 1, the 'Annual Review', over 2020. A summary of the changes to the accounting policies for determining our financial results has been included in part 2, the 'Year Report', Notes to the Consolidated Financial Statements of Achmea B.V., 1. General accounting policies.

Wherever possible comparative figures over 2019 have been included for the relevant indicators. However, the impact of Covid-19 means that sustainability information in particular can only be compared to a limited extent. This applies, for example, to the carbon footprint from our own business operations. The Covid-19 pandemic led to a significant decrease in commuter mileage and also work-related trips or flights. The result is a lower carbon footprint versus 2019. Achmea policy is another element that contributes to a lower carbon footprint, for instance taking solar panels into use in Apeldoorn for our own business operations. However, it is impossible to quantify the impact of Covid-19 and this policy separately, and as a result how the figures over 2020 evolved cannot always be compared directly to previous years.

We have altered the presentation of some of the sustainability information and included additional information. For example, we have included the carbon footprint of a number of additional asset classes. Furthermore, we present the carbon footprint before the impact of what is known as green procurement

(gross) and after mitigating measures (net) in order to improve insight into Achmea's policy. Prior to 2020 we presented the carbon footprint for this procurement on a net basis.

Finally, we have changed the way relational NPS scores are set for property & casualty for retail customers for Centraal Beheer and Interpolis. We believe the revised method is more representative of how our customers rate us.

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 complies in part with the principles of the 'International Integrated Reporting Framework' laid down by the International Integrated Reporting Council (IIRC).

ABOUT THIS REPORT

The Executive Board of Achmea B.V. is responsible for preparing the two parts that together form our annual report. The (consolidated and separate) financial statements in part 2 are drafted under the supervision of the Finance department. Responsibility for the content and data contained in part 1 of the annual 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

SUPPLEMENT A. REPORTING PRINCIPLES CONTINUED

copy and final copy. This steering committee is chaired by the director of Group Finances and also includes the directors of Reporting, Performance Management, Communications, Strategy, CSR and Information Technology.

DEFINITION AND SCOPE OF REPORTING

The financial information and a portion of the employee information contained in this 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 80% of its total workforce (FTEs) are employed there). Due to this strong Dutch focus, most sections of part 1 of the annual 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 in part 1 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 operating companies 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 2020 (consolidated) financial statements. These are included on pages 54 to 187 of the Year Report (part 2 of the annual report). PwC issued an unqualified audit report with the (consolidated) financial statements on 11 March 2021. The independent auditor's report can be found on pages 191 to 203 of part 2 (under Other information).
- In addition to the audit of the financial statements, PwC audited and assessed the sustainability information contained in the Annual Review (part 1 of the annual report). 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 PSI table in Supplement C, the connectivity table in supplement F and Glossary for the Annual Review in supplement G are not in scope of the assurance report. PwC's assurance report can be found on pages 205 to 207 of part 2 (under Other information).

WE VALUE YOUR FEEDBACK

Integrated reporting will continue to evolve, and we expect to implement further improvements in the future in terms of our reporting. We would appreciate hearing your feedback on ways in which we might be able to improve our approach. You will find our contact details on the last page of this Annual Review.

SUPPLEMENT B: GRI INDEX

The Global Reporting Initiative (GRI) reporting framework comprises widely-accepted reporting standards for the economic, environmental and social performance of an organisation. This framework can be found on the GRI website (www.globalreporting.org). The report by Achmea's Executive Board is compiled using this GRI framework, Core option. The table below lists the GRI principles and references to where the information can be found. The aim is to create transparency on how we comply with the relevant GRI principle.

INDICATOR	DESCRIPTION	DETAILS/REFERENCE/EXPLANATION
General disclosures		
Organisation profile		
GRI 102-01	Name of the organisation	Annual Review Part 1: Colophon and contact information p.94
GRI 102-02	Primary activities, brands, products and services	Annual Review Part 1: Achmea at a glance p.7; Our brands p.8; Our value creation p.10
GRI 102-03	Location of the organisation's headquarters	Annual Review Part 1: Colophon and contact information p.94
GRI 102-04	The number of countries where the organisation operates	Annual Review Part 1: Our brands p.8
GRI 102-05	Nature of ownership and legal form	Year Report Part 2: Corporate Governance pp.47-48
GRI 102-06	Markets served	Annual Review Part 1: Our brands p.8; Our strategy (Growth strategy) p.19; How we create value for our customers (customer satisfaction scores) p.43
GRI 102-07	Scale of the organisation	Annual Review Part 1: Achmea at a glance p.7; How we create financial value p.62, Supplement D. Other employee information p.75 Year Report Part 2: Consolidated financial statements, Balance sheet p.56
GRI 102-08	Information on employees and other workers	Annual Review Part 1: Supplement D. Other employee information pp.75-77
GRI 102-09	Description of the organisation's supply chain	Annual Review Part 1: Our value creation p.10; How we create value with and for our partners pp.53-55
GRI 102-10	Significant changes during the reporting period	Annual Review Part 1: 2020 in brief p.9 Year Report Part 2: Consolidated financial statements, Notes the consolidated financial pp.62-64
GRI 102-11	Report whether and how the organisation applies the precautionary principle or approach is addressed by the organisation	Year Report Part 2: Consolidated financial statements, Capital and risk management
GRI 102-12	Externally developed economic, environmental and social charters, principles to which the organisation subscribes	Annual Review Part 1: Supplement A. Reporting principles pp.65-66, Supplement C. Principles for Sustainable Insurance pp.72-73
GRI 102-13	Memberships of associations (such as industry associations) and national or international advocacy organisations	Annual Review Part 1: How we create value for society pp.26-34, Supplement C: Principles for Sustainable Insurance pp.72-73, Supplement G. Glossary pp.88-93 www.achmea.nl/en/contact/frequently-asked-questions
Strategy		
GR 102-14	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy for addressing sustainability	Annual Review Part 1: A word from our Chairman pp.4-6

SUPPLEMENT B: GRI INDEX CONTINUED

INDICATOR	DESCRIPTION	DETAILS/REFERENCE/EXPLANATION
GRI 102-15	Description of key impacts, risks and opportunities	Annual Review Part 1: Our environment pp.13-14; In dialogue with our stakeholders pp.15-17; Our strategy (The pillars of our strategy) pp.19-21 Year Report Part 2: Consolidated financial statements, Capital and risk management
Ethics and integrity		
GRI 102-16	Description of the organisation's values, principles, standards and norms of behaviour such as codes of conduct	Year Report Part 2: Corporate Governance pp.43-44 www.achmea.nl (sustainability)
GRI 102-17	The internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Annual Review Part 1: How we create value for our employees (Ethical corporate culture) p.52 Year Report Part 2: Corporate Governance p.44
Governance		
GRI 102-18	The governance structure of the organisation	Year Report Part 2: Corporate Governance pp.43-53
Stakeholder engagement		
GRI 102-40	List of stakeholder groups engaged by the organisation	Annual Review Part 1: In dialogue with our stakeholders p.15
GRI 102-41	Percentage of total employees covered by collective bargaining agreements	Annual Review Part 1: Supplement D. Other employee information p.76
GRI 102-42	The basis for identification and selection of stakeholders with whom to engage	Annual Review Part 1: In dialogue with our stakeholders p.15
GRI 102-43	The organisation's approach to stakeholder engagement	Annual Review Part 1: In dialogue with our stakeholders p.15
GRI 102-44	Key topics and concerns that have been raised through stakeholder engagement	Annual Review Part 1: In dialogue with our stakeholders pp.15-17
Reporting practices		
GRI 102-45	List of all entities included in the organisation's consolidated financial statements and not covered by this report	Year Report Part 2: Consolidated financial statements, Interests in subsidiaries p.167
GRI 102-46	Process for defining the report content, the boundaries, and the principles for defining report content	Annual Review Part 1: In dialogue with our stakeholders pp.15-16; Supplement A. Reporting principles pp.65-66
GRI 102-47	Material aspects identified in the process for defining report content	Annual Review Part 1: In dialogue with our stakeholders pp.16-17; Our strategy (The pillars of our strategy) pp.19-21
GRI 102-48	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	Annual Review Part 1: Supplement A. Reporting principles p.65
GRI 102-49	Significant changes from previous reporting periods in the scope and aspect boundaries	Annual Review Part 1: Supplement A. Reporting principles p.65
GRI 102-50	Reporting period for information provided	Annual Review Part 1: Contents p.2
GRI 102-51	Date of most recent previous report	Year Report Part 2, 2019: Notes to the Consolidated Financial Statements p.177

SUPPLEMENT B: GRI INDEX CONTINUED

INDICATOR	DESCRIPTION	DETAILS/REFERENCE/EXPLANATION
GRI 102-52	Reporting cycle	Annual Review Part 1: Contents p.2
GRI 102-53	Contact point for questions regarding the report or its contents	Annual Review Part 1: Colophon and contact information p.94
GRI 102-54	Report the 'in accordance' option the organisation has chosen	Annual Review Part 1: Supplement A. Reporting principles p.65
GRI 102-55	Report the GRI Content Index for the chosen option	Annual Review Part 1: Supplement B. GRI index pp.67-71
GRI 102-56	Policy with regard to assurance	Annual Review Part 1: Contents p.2; Supplement A. Reporting principles p.66
Management approach		
GRI 103-01	Aspect boundary within the organisation for each material aspect	Annual Review Part 1: Supplement A. Reporting principles p.66
GRI 103-02	For each material aspect, report the aspect boundary outside the organisation	Annual Review Part 1: Supplement A. Reporting principles p.66
GRI 103-03	Evaluation of the management approach	The way material topics are incorporated into our strategy and how we manage these is included in the Annual Review Part 1: Supplement F. Connectivity table pp.84-87. Some of the material topics possess specific KPIs, while some are targeted through annual plans containing deliverables for the period 2020- 2022. The progress is being monitored constantly and adjusted where necessary.
Material topics		
Responsible investment		
Management Approach	<p>a Report why the aspect is material. Report the impacts that make this aspect material.</p> <p>b Report how the organisation manages the material aspect and its impacts.</p> <p>c Evaluation of the management approach.</p>	<p>Annual Review Part 1: In dialogue with our stakeholders</p> <p>The way material topics are incorporated into our strategy and how we manage these is included in the Annual Review Part 1: Supplement F, Connectivity table.</p> <p>This material topic possesses specific KPIs, while some are targeted through annual plans containing deliverables for the period 2020-2022. The progress is being monitored constantly and adjusted where necessary.</p>
Own indicator	<ul style="list-style-type: none"> - PRI score and other ESG-related rankings - % of own risk investments for which carbon footprint is determined - carbon footprint/intensity of investments - number of engagement processes/votes - mortgage portfolio energy labels - implementation of exclusion policy 	<p>Annual Review Part 1: Objectives and results: How we create value for society</p> <p>Annual Review Part 1: Supplement E. Other sustainability information</p> <p>Annual Review Part 1: Supplement F. Connectivity table</p>

SUPPLEMENT B: GRI INDEX CONTINUED

INDICATOR	DESCRIPTION	DETAILS/REFERENCE/EXPLANATION
Climate change		
Management Approach	<p>a Report why the aspect is material. Report the impacts that make this aspect material.</p> <p>b Report how the organisation manages the material aspect and its impacts.</p> <p>c Evaluation of the management approach.</p>	<p>Annual Review Part 1: In dialogue with our stakeholders</p> <p>Annual Review Part 1: Our approach to climate change</p> <p>This material topic possesses specific KPIs. In addition, this topic is targeted through annual plans containing deliverables for the period 2020- 2022, with progresses being monitored constantly and adjusted where necessary.</p> <p>Annual Review Part 1: Supplement E. Other sustainability information</p>
Climate change indicator (GRI 305-1)	Direct greenhouse gas (GHG) emissions (scope 1)	Annual Review Part 1: Supplement E. Other sustainability information p.79
Climate change indicator (GRI 305-2)	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Annual Review Part 1: Supplement E. Other sustainability information p.79
Climate change indicator (GRI 305-3)	Other indirect greenhouse gas (GHG) emissions (scope 3)	Annual Review Part 1: Supplement E. Other sustainability information p.79
Own indicator	<ul style="list-style-type: none"> - energy savings - % of electric vehicles in fleet of lease cars - and all indicators under responsible investment 	<p>Annual Review Part 1: Supplement F. Connectivity table</p> <p>Annual Review Part 1: Objectives and results: How we create value for society</p> <p>Annual Review Part 1: Supplement E. Other sustainability information</p>
Healthcare and health		
Management Approach	<p>a Report why the aspect is material. Report the impacts that make this aspect material.</p> <p>b Report how the organisation manages the material aspect and its impacts.</p> <p>c Evaluation of the management approach.</p>	<p>Annual Review Part 1: In dialogue with our stakeholder</p> <p>The way material topics are incorporated into our strategy and how we manage these is included in the Annual Review Part 1: Supplement F. Connectivity table.</p> <p>This material topic possesses specific KPIs. In addition this topic is targeted through annual plans containing deliverables for the period 2020- 2022, with progress being monitored constantly and adjusted where necessary.</p>
Own indicator	<ul style="list-style-type: none"> - relational NPS health - customer satisfaction consumer market, Health, annual MarketResponse survey 	<p>Annual Review Part 1: Objectives and results: How we create value for our customers</p> <p>Annual Review Part 1: Supplement F. Connectivity table</p>
Robust financial performance		
Management Approach	<p>a Report why the aspect is material. Report the impacts that make this aspect material.</p> <p>b Report how the organisation manages the material aspect and its impacts.</p> <p>c Evaluation of the management approach</p>	<p>Annual Review Part 1: In dialogue with our stakeholders</p> <p>Annual Review Part 1: How we create financial value</p>

SUPPLEMENT B: GRI INDEX CONTINUED

INDICATOR	DESCRIPTION	DETAILS/REFERENCE/EXPLANATION
Own indicator	<ul style="list-style-type: none"> - operational result - result after tax - solvency ratio - gross written premiums - combined ratio - operating expenses - debt ratio 	<p>Annual Review Part 1: Achmea at a glance</p> <p>Annual Review Part 1: How we create financial value</p> <p>Year Report Part 2: Consolidated financial statements</p>
Protection of customer data		
Management Approach	<ul style="list-style-type: none"> a Report why the aspect is material. Report the impacts that make this aspect material. b Report how the organisation manages the material aspect and its impacts. c Evaluation of the management approach 	<p>Annual Review Part 1: In dialogue with our stakeholders</p> <p>The way material topics are incorporated into our strategy and how we manage these is included in the Annual Review Part 1: Supplement F. Connectivity table.</p> <p>This topic is targeted through annual plans containing deliverables for the period 2020- 2022, with progress being monitored constantly and adjusted where necessary.</p>
Own indicator	This topic is targeted through annual plans containing deliverables for the period 2020- 2022.	<p>Annual Review Part 1: Objectives and results: How we create value via our processes</p> <p>Annual Review Part 1: Supplement F. Connectivity table</p>

SUPPLEMENT C. PSI TABLE

SOCIAL THEMES

Achmea signed the Principles for Sustainable Insurance (PSI) in 2012. The reference table below is designed to allow Achmea to account for the implementation of these principles in a transparent fashion. For further information about the PSI, see www.unepfi.org/psi.

Principle 1: Environmental, social and governance issues (ESG) relevant to our insurance business are embedded in our decision-making

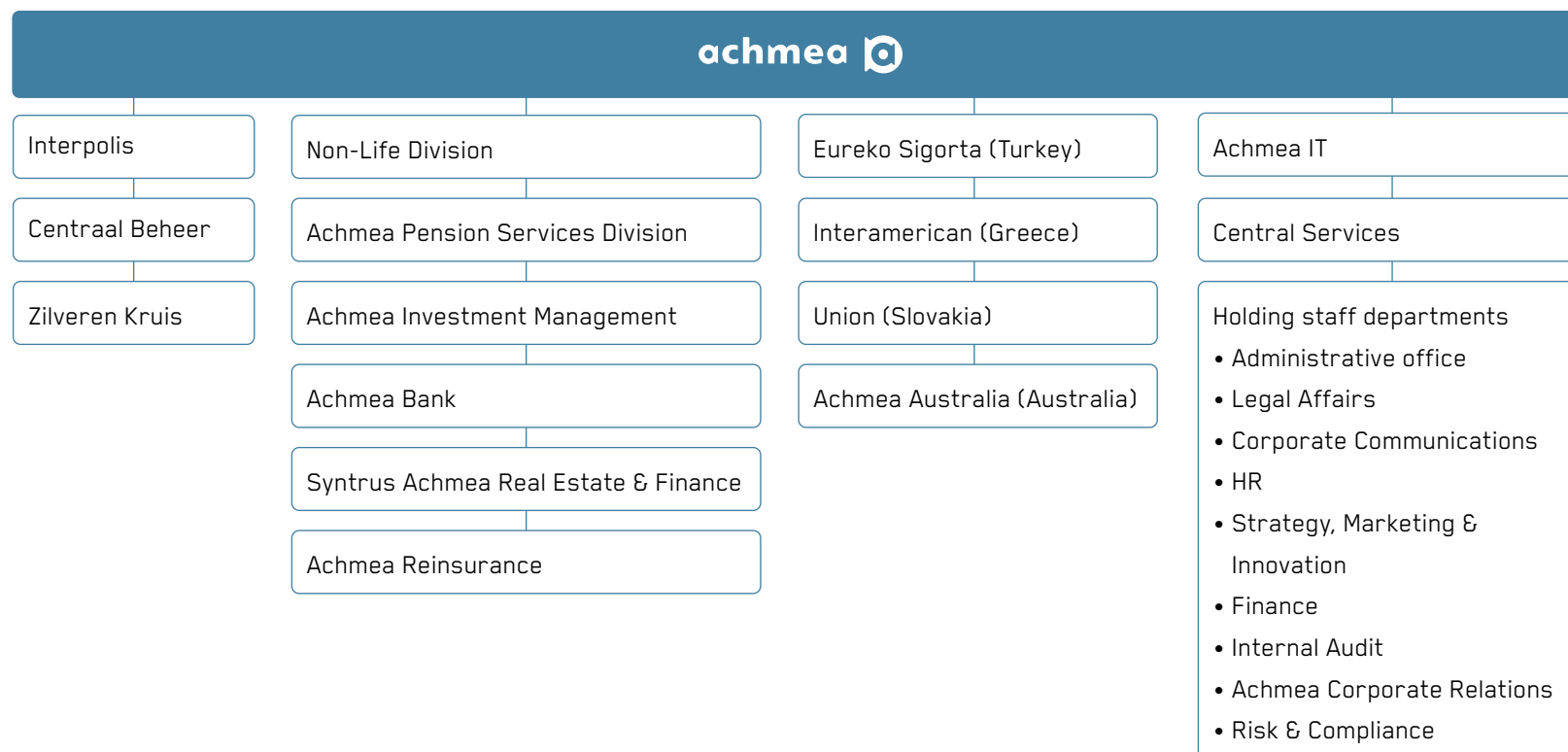
Possible actions: company strategy	Fulfilment/reference
Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations	Achmea Annual Review 2020 - Our mission, Our strategy, Our value creation
Dialogue with company owners on the relevance of ESG issues to company strategy	Achmea Annual Review 2020 - Our mission, In dialogue with our stakeholders, www.verenigingachmea.nl
Integrate ESG issues into recruitment, training and employee engagement programmes	Achmea Annual Review 2020 - How we create value for our employees
Possible actions: risk management and underwriting	Fulfilment/reference
Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions	Achmea Annual Review 2020 - How we create value for society
Integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes, including research, models, analytics, tools and metrics	Achmea Year Report 2020 - Consolidated financial statements, Capital and risk management
Possible actions: product and service development	Fulfilment/reference
Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management	Achmea Annual Review 2020 - Our strategy, How we create value for our customers, How we create value for society
Develop or support literacy programmes on risk, insurance and ESG issues	Achmea Annual Review 2020 - How we create value for our customers, How we create value for society, How we create value via our processes
Possible actions: claims management	Fulfilment/reference
Respond to customers quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood	Achmea Annual Review 2020 - How we create value for our customers, How we create value via our processes
Possible actions: sales and marketing	Fulfilment/reference
Educate sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns	Achmea Annual Review 2020 - How we create value for our employees, How we create value via our processes
Make sure coverage, benefits and costs of products and services are relevant and clearly explained and understood	Achmea Annual Review 2020 - How we create value for society, How we create value for our customers, How we create value via our processes

SUPPLEMENT C. PSI TABLE CONTINUED

Possible actions: investment management	Fulfilment/reference
Integrate ESG issues into investment decision-making (e.g. by implementing the Principles for Responsible Investment)	Achmea Annual Review 2020 - How we create value for society
Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions	
Possible actions: customers and suppliers	Fulfilment/reference
Dialogue with clients and suppliers on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues	Achmea Annual Review 2020 - In dialogue with our stakeholders, Our strategy, How we create value for society
Provide customers and suppliers with information and tools that may help them manage ESG issues	Achmea Annual Review 2020 - How we create value for our customers, How we create value for society
Integrate ESG issues into tender and selection processes for suppliers	Achmea Annual Review 2020 - How we create value for society
Possible actions: insurers, reinsurers and brokers	Fulfilment/reference
Promote adoption of the principles	Achmea Annual Review 2020 - Our strategy, In dialogue with our stakeholders, How we create value for society
Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry	Achmea Annual Review 2020 - How we create value for our employees
Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues	
Possible actions: governments, regulators and other policymakers	Fulfilment/reference
Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues	Achmea Annual Review 2020 - How we create value for society Achmea Year Report 2020 - Consolidated financial statements, Capital and risk management
Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions	Achmea Annual Review 2020 - In dialogue with our stakeholders
Possible actions: other key stakeholders	Fulfilment/reference
Dialogue with intergovernmental and non-governmental organisations to support sustainable development by providing risk management and risk transfer expertise	Achmea Annual Review 2020 - In dialogue with our stakeholders, How we create value for society
Dialogue with academia and the scientific community to foster research and educational programmes on ESG issues in the context of the insurance business	Achmea Annual Review 2020 - In dialogue with our stakeholders
Dialogue with media to promote public awareness of ESG issues and good risk management	Achmea Annual Review 2020 - In dialogue with our stakeholders

SUPPLEMENT D. OTHER EMPLOYEE INFORMATION

The Global Reporting Initiative (GRI) framework requires insight to be given into the composition of the workforce. This supplement contains supplementary information to that included in the chapter 'Objectives and Results- How we create value for our employees'. To ensure a practical bundling of expertise, Achmea has an operational organisation model consisting of distribution divisions, product divisions, internal services departments and policy-setting staff services. For the implementation of Achmea's HR policy, HR employs the organisational structure below.



SUPPLEMENT D. OTHER EMPLOYEE INFORMATION CONTINUED

Table 1. Number of (internal) FTEs and employees of Achmea as of 31 December, incl. third-party companies and international subsidiaries

Number of employees as of 31 December	2020		2019	
	FTEs	employees	FTEs	employees
Achmea Corporate Relations	17	17	16	17
Achmea Bank	150	152	170	174
Achmea Investment Management	247	242	230	224
Centraal Beheer	779	837	763	823
Central Services	1,067	1,141	1,031	1,105
Pension & Life Division	480	506	542	572
Non-Life Division	2,524	2,664	2,528	2,681
Finance	442	451	437	445
Human Resources	114	115	115	116
Achmea IT	1,154	1,159	1,048	1,047
Interpolis	160	165	153	156
Achmea Pension Services	404	409	442	448
Syntrus Achmea Real Estate & Finance	419	418	371	368
Zilveren Kruis	2,290	2,474	2,365	2,553
Other	522	539	533	561
Subtotal for Achmea in the Netherlands, excl. third-party companies	10,769	11,289	10,744	11,290
Eurocross Assistance	149	153	152	151
InShared	90	87	80	77
Customer Contact Services	91	108	96	107
OZF	0	0	23	26
Pim Mulier	7	8	8	14
Vitaliteit / Actify	7	10	9	9
Subtotal for third-party companies	344	366	368	384
Subtotal for Achmea in the Netherlands	11,114	11,655	11,112	11,674
Achmea Australia	112	107	83	81
Eureko Sigorta	772	691	713	667
Interamerican Greece	1,266	1,188	1,227	1,147
Union	658	617	666	627
Subtotal for international subsidiaries	2,808	2,603	2,689	2,522
Total	13,921	14,258	13,801	14,196

SUPPLEMENT D. OTHER EMPLOYEE INFORMATION CONTINUED

Table 2. Number of Achmea employees by contract type and gender, including third-party companies and international subsidiaries

Number of employees by contract type and gender as of 31 December	2020		2019	
	permanent contract	temporary contract	permanent contract	temporary contract
Male	7,053	247	6,916	295
Female	6,610	348	6,556	429
Total	13,663	595	13,472	724

Table 3. Number of Achmea employees by contract type and country, including third-party companies and international subsidiaries

Number of employees by contract type and country as of 31 December	2020		2019	
	permanent contract	temporary contract	permanent contract	temporary contract
Netherlands	11,101	401	10,983	540
Australia	101	6	77	4
Bulgaria	6	3	7	1
Greece	1,174	14	1,133	14
Slovakia	464	153	485	142
Czech Republic	25	3	17	6
Turkey	789	14	767	16
Suriname	3	1	3	1
Total	13,663	595	13,472	724

Table 4. Number of Achmea employees by employment relationship and gender, including third-party companies and international subsidiaries

Number of employees by employment relationship and gender as of 31 December	2020		2019	
	full-time	part-time	full-time	part-time
Male	6,516	784	6,442	769
Female	3,829	3,129	3,699	3,286
Total	10,345	3,913	10,141	4,055

SUPPLEMENT D. OTHER EMPLOYEE INFORMATION CONTINUED

Table 5. Number of internal and external employees by gender, including third-party companies and international subsidiaries

Number of employees as of 31 December	2020		2019	
	internal ¹	external	internal ¹	external
Male	7,300	1,221	7,211	1,385
Female	6,958	1,679	6,985	1,762
Total	14,258	2,900	14,196	3,147

¹ Internal employees are those with an employment contract with Achmea.

SUPPLEMENT E. OTHER SUSTAINABILITY INFORMATION

CO₂ EMISSIONS OF BUSINESS OPERATIONS

We seek to reduce the CO₂ emissions from our operations and aim to achieve climate neutrality in these by 2030. We reduce our environmental impact through reductions in and greening of our energy consumption, cutting paper consumption and reusing our waste. On top of this, since 2011 we have offset Achmea's net CO₂ emissions in the Netherlands by purchasing carbon emission certificates, whereby we have the policy since 2020 that these certificates must contribute to at least two of our focus SDGs.

In accordance with the Greenhouse Gas Protocol (GHG Protocol), the carbon footprint is expressed in different Scope categories. Scope 1 emissions are direct emissions from own sources or sources that are controlled by Achmea. Scope 2 emissions are indirect emissions from the generation of purchased energy and/or services. Scope 3 emissions are all relevant indirect emissions (not included in scope 2) that occur in Achmea's value chain. These relate to aspects such as the carbon footprint of our employees' commuter mileage.

The charts and tables contain comparative figures. However, the impact of Covid-19 means that the data can only be compared to 2020 to a limited extent. The Covid-19 pandemic led to a significant decrease in, for example, energy consumption (our offices were used less), commuter mileage and also work-related trips or flights. The result is a lower carbon footprint. Achmea policy is another element that has led to a lower carbon

footprint, for instance taking solar panels into use in Apeldoorn. However, it is impossible to quantify the impact of Covid-19 and this policy separately, and this makes it more difficult to interpret the figures over 2020 compared to previous years.

We have decided not to show how paper consumption and waste separation evolved this year. This is partly because of the abovementioned difficulty in comparisons with previous years, but also because the impact has already been included in the carbon footprint.

Basis for conversion factors

The basis for most of the conversion factors for our footprint is the List of CO₂ emission factors ([www.CO₂emissiefactoren.nl](http://www.CO2emissiefactoren.nl)). For paper we use Stichting Stimular's Envirometer. For air travel our travel agent uses the DEFRA method. Our waste processor uses the conversion factors developed by research and consultancy company CE Delft. Commuting distance is estimated by multiplying the distance between the employee's registered place of work and their place of residence by the number of registered travel days. An adjustment is made for holidays and absenteeism and account is taken of the impact of Covid-19. Achmea uses green procurement in its business operations. This relates to e.g. gas, electricity, paper and external servers. The origin and source of this green electricity (Guarantee of Origin, or GO) are green energy GOs imported from abroad (hydro-electric power). From 2020 we present the carbon footprint corresponding to

our green procurement in our gross footprint, before making a correction to ultimately show our net carbon footprint. Prior to 2020 the carbon footprint of green electricity was set at zero when determining the gross carbon footprint. This meant that green electricity was incorporated into the calculation of the gross carbon footprint differently from other green procurement items. From 2020 we process all green procurement in a consistent manner. Comparative figures have been adjusted accordingly.

Source and scope of CO₂ data

We measure the carbon footprint of our energy use, mobility, refrigerants use, paper consumption, waste and outsourced servers. CO₂ emissions for Achmea Netherlands are measured excluding third-party companies (please see Supplement D for the definition). Third-party companies are included in the calculation of the carbon footprint from the consumption of gas (scope 1) and electricity (scope 2). The carbon footprint from the use of Cloud services has so far not been included in the calculations. Given that use of these services has increased over the past few years, we are currently investigating options for incorporating this into the carbon footprint from next year.

SUPPLEMENT E. OTHER SUSTAINABILITY INFORMATION CONTINUED

The table below shows the CO₂ emissions for the past five years.

The quality of the data used to measure the CO₂ emissions has improved over the past few years. A growing amount of data is also becoming available. Major drivers here are not just the importance that Achmea attaches to measuring its carbon footprint but also that of society. This means that in comparisons across several years some data are included that were

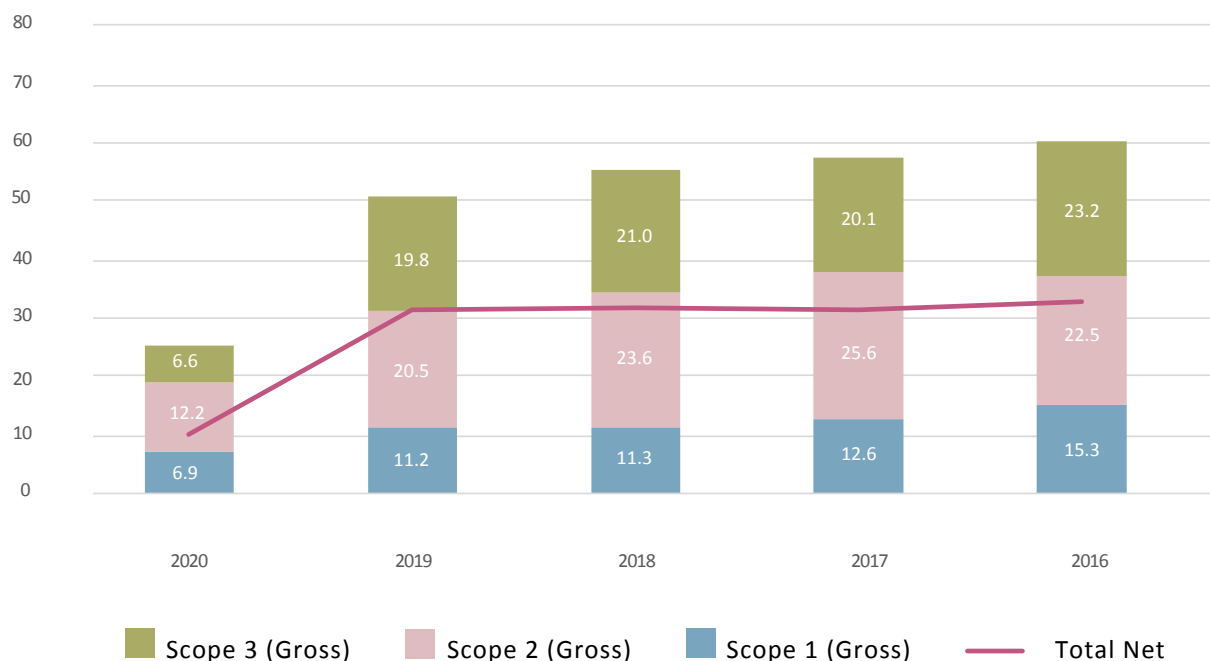
either not available or were less comprehensive in previous years. For instance, until 2018 only internal processes were in scope for paper consumption when calculating the carbon footprint, while paper flows from external processes have also been included since 2018. Over the past five years, total gross CO₂ emissions have fallen from 61.0 kilotons in 2016 to 25.6 kilotons in 2020 and net CO₂ emissions have decreased from 33.2 kilotons in 2016 to 10.0 kilotons in 2020. Both the gross and net carbon footprints are lower than last year.

This can partly be attributed to the impact of Covid-19 on energy use in buildings and the drop in commuter mileage and work-related trips and flights of Achmea employees.

Energy savings

Our energy policy aims to achieve an annual 2% reduction in energy consumption over the period 2005- 2020. Energy consumption for Achmea Netherlands is measured excluding third-party companies (please see Supplement D for the definition). Third-party companies are included in the calculation of the consumption of gas and electricity. This means that we comply with the obligations arising from the signing of the Dutch long-term agreement on energy efficiency (Convenant Meerjarenaafpraak energie-efficiëntie, or 'MJA3') over this period. In practice, we are achieving double our target: in the period 2005- 2020, average energy consumption decreased by approximately 5.9% per year (2019: 4.9%). Energy consumption was 30% lower in 2020 than in 2019. This can partly be attributed to the impact of Covid-19 that led to our offices being used less in 2020.

CO₂ EMISSIONS (IN KTON CO₂) GROSS/NET

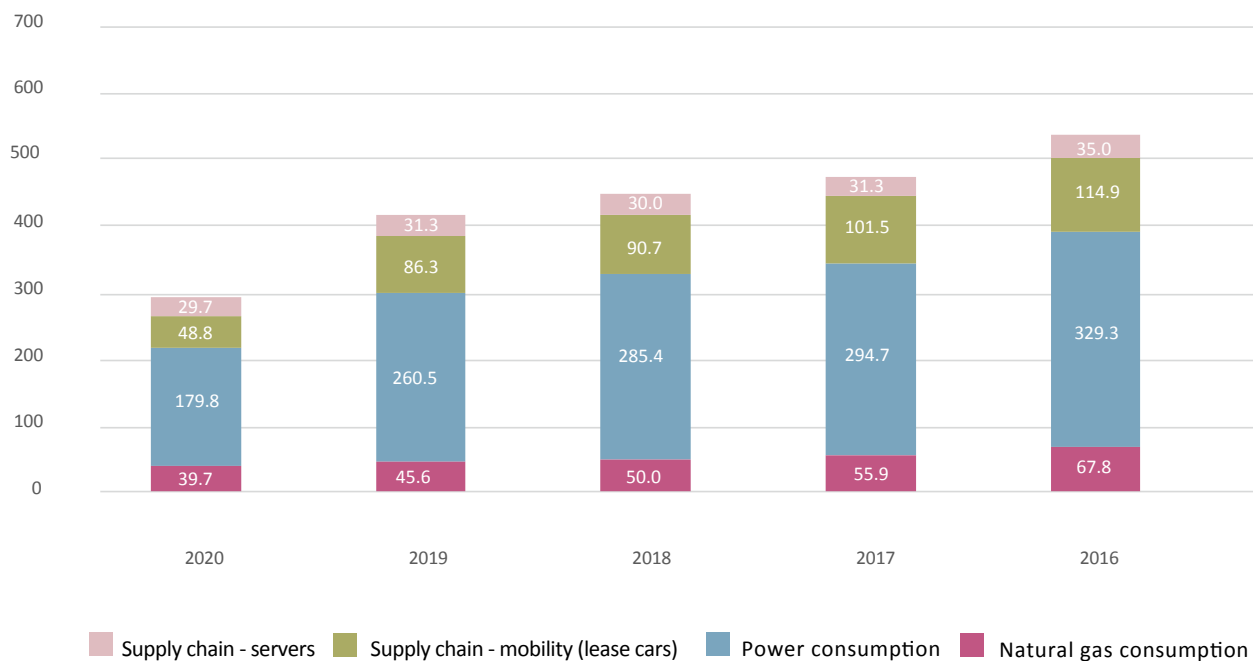


CO₂ EMISSIONS OF THE INVESTMENT PORTFOLIO

Achmea takes climate change into account in its investments. We do so knowing that climate change and the need for a transition to a low-carbon economy can have an impact on the value of our investments. In 2017 we began measuring the carbon footprint of a substantial portion of our equity investments for our own account and risk. In 2018 we extended these

SUPPLEMENT E. OTHER SUSTAINABILITY INFORMATION CONTINUED

ENERGY CONSUMPTION (IN GIGAJOULES X 1000)



measurements to cover our investments in corporate bonds, and in 2019 we started measuring the carbon footprint of our investments in government bonds and mortgages. This year we added measurement of the carbon footprint of our real estate investments and a portion of the investments in equities and corporate bonds backing linked liabilities. In doing so, we charted the carbon footprint of 51% (2019: N/A) of our real estate investments, of 56% (2019: 58%) of

the investments for own account and of 23% of the investments backing linked liabilities.

The next step is to gradually reduce our carbon footprint. We have started on the own risk investments and those asset classes in which we expect to be able to achieve the most: our investments in large corporations. We have reached agreement with our asset managers on achieving an optimum reduction in the carbon

footprint compared with the applied benchmark in the equity and corporate bond portfolios. Optimum means that this reduction will not significantly alter the risk and return of the investment portfolio. We have already set CO₂ reduction targets for nearly 19% (2019: 20%) of our portfolio.

Methodology

When calculating the carbon footprint and the CO₂ intensity, we follow the recommendations of the Dutch Platform Carbon Accounting Financials (PCAF) and the Task Force on Climate-related Financial Disclosures (TCFD) respectively.

Scope 1 and 2 emissions are included in the calculation of the carbon footprint for equities and corporate bonds; scope 3 emissions are excluded as companies do not use consistent methods to report on these. The scope 1 and 2 CO₂ emissions of the equities held in a company are allocated proportionally to the portfolio's carbon footprint. This means: on possession of 1% of the equities, 1% of the CO₂ emissions is counted in the calculation. The total CO₂ emissions for the entire equity portfolio are divided by the total market value of the equity portfolio and multiplied by one million euros. This is how we calculate the CO₂ emissions for each million euros invested. This method also makes it easier to compare the portfolio's CO₂ emissions to those of other portfolios and over time. The CO₂ intensity of the equity and corporate bond portfolios is measured using the weighted average CO₂ intensity method. The CO₂ intensity (t CO₂ per million USD sales) of a company is

SUPPLEMENT E. OTHER SUSTAINABILITY INFORMATION CONTINUED

allocated to the portfolio based on the portfolio weight. We only include the scope 1 emissions in the calculation of the carbon footprint for government bonds: scope 2 and 3 emissions are excluded due to the lack of uniform and reliable data. The scope 1 CO₂ emissions of a country are allocated proportionally to the portfolio's carbon footprint. The portion of a country's total (nominal) sovereign debt held in the portfolio is determined using an 'ownership approach'. This percentage is then used to calculate the portion of CO₂ emissions financed for that country. Government-related paper is counted as coming within the domicile of the country.

When calculating the CO₂ emissions for mortgages, we first calculate the energy consumption for the underlying

value. We do so based on the energy consumption per postcode obtained from network providers, or based on the average energy consumption for an energy label. This energy consumption is then converted into CO₂ emissions by multiplying the energy consumption by emission factors.

When measuring the carbon footprint of investment properties, the first step is to determine the energy consumption of the property. These data are derived from smart meters, manual readings, invoices and the Typical Domestic Consumption Values (TDCVs) of national network operators. This energy consumption is then converted into CO₂ emissions by multiplying the energy consumption by emission factors. At portfolio level this is

expressed in CO₂ emissions per square metre. This creates greater transparency on how the portfolio emissions evolve over the years.

The investments backing linked liabilities for which we calculate the carbon footprint are investments in equities and corporate bonds. The same method is used for these as described above for the own risk investments.

Source and scope of CO₂ data

We use CO₂ data purchased from MSCI ESG to calculate the carbon footprint of our investments in equities and corporate bonds (both for own risk and linked liabilities). The CO₂ data for calculating the carbon footprint of our investments in government bonds comes from Eurostat,

OVERVIEW SOURCE AND SCOPE OF CO₂ DATA FOR EACH INVESTMENT CATEGORY

	Investments own risk												Investments backing linked liabilities			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Equities (Achmea EQ DM)		Corporate bonds ¹ (Achmea credits)		Government bonds (Achmea government bonds)		Mortgages (investments insurance operations)		Banking credit portfolio		Investment property ²		Equities		Corporate bonds ¹	
% investments for which the carbon footprint is being measured (measured against the book value of the investment)	71%	73%	66%	65%	85%	83%	99%	95%	90%	89%	54%	n/a	73%	n/a	14%	n/a
Source of data on the basis of which CO ₂ is being measured ³ :																
% based on reported CO ₂ data (by companies, governments, etc.)	79%	84%	81%	77%	100%	99%							81%	n/a	65%	n/a
% modelled ⁴	19%	16%	9%	10%	0%	1%	100%	100%	100%	100%	100%	n/a	18%	n/a	14%	n/a

¹ These are the corporate bonds in developed markets of the Dutch insurers, whereby the investments are held according to the investment strategy "credit quality investment grade or higher".

² For investment property based on the surface area of the properties.

³ The carbon footprint of equities, corporate bonds, government bonds and investment property is based on CO₂ data for 2019.

⁴ For mortgages and investment property 100% is modelled as CO₂ emissions are not directly reported. These are determined on the basis of the energy consumption as obtained by network operators (investment property and part mortgages), approximated by energy labels (mortgages) or determined on the basis of the average energy consumption based on national averages (mortgages).

SUPPLEMENT E. OTHER SUSTAINABILITY INFORMATION CONTINUED

the statistical office of the European Union. The energy consumption of real estate investments and mortgaged properties is calculated using smart meters, data from network operators and, if these are unavailable, energy labels. The carbon footprint for the estimated energy consumption of real estate is based on the emission factors given on www.co2emissiefactoren.nl.

Results

In 2020, the carbon footprint of the portion of the equity portfolio for which it was measured was lower than the benchmark (MSCI World) both in terms of CO₂ intensity and CO₂ emissions, i.e. 18.8% (2019: 20.4%) and 33.0%

(2019: 29.5%) respectively. The carbon footprint of Achmea credits over 2020 was lower than the benchmark for CO₂ intensity at 33.0% (2019: 39.2%). The carbon footprint of Achmea government bonds was 7.1% lower than the benchmark (2019: 7.1%). No benchmark has as yet been set for the purposes of comparing the carbon footprint of mortgages and investment properties. We will review the method and way in which we assess our carbon footprint over the coming months and if necessary enhance the process. No benchmark has been set for the investments backing linked liabilities due to the nature of these investments.

SUPPLEMENT E. OTHER SUSTAINABILITY INFORMATION CONTINUED

	CO₂-emissions (kton CO ₂ /billion euro invested capital)	
Achmea mortgages ² :		
Based on carbon footprint of 100% of the collateral ¹		
- portion of Own risk investments	22.1	22.0
- portion of Banking credit portfolio	27.7	25.1
Based on carbon footprint of the loan as portion of total collateral value (attribution factor) ¹		
- portion of Own risk investments	13.8	n/a
- portion of Banking credit portfolio	17.0	n/a

¹ The PCAF system for measuring the carbon footprint of mortgages was altered at the end of 2020. Up to and including 2019, the carbon footprint of the entire building was used in the calculations. From 2020, the mortgage as a portion of the total collateral value (attribution factor) is used. For the purposes of comparison, we give the carbon footprint according to both the old and the new PCAF methodologies. No comparative figures are given for the new method. Calculation of the attribution factor is based on the last known real value of the collateral.

² Expressed versus the nominal value.

	CO₂-emissions (kton CO ₂ /million euro invested capital)		CO₂-intensity (kton CO ₂ /million usd sales)	
	2020	2019	2020	2019
Achmea EQ DM ³	68.8	83.1	93.3	118.6
MSCI World	84.7	104.5	139.3	168.3
Difference	-18.8%	-20.4%	-33.0%	-29.5%
Achmea Credits			93.5	84.0
Benchmark			139.6	138.1
Difference			-33.0%	-39.2%
Achmea government bonds	2.3	2.3		
Benchmark	2.5	2.5		
Difference	-7.1%	-7.1%		
Achmea Investment property ⁴	19.6	n/a		
Investments backing linked liabilities:				
- Equities			110.8	n/a
- Corporate bonds			120.8	n/a

³ In 2020 the CO₂ intensity of the Global Quality Value Equities portfolio was 74.0 (2019: 81.5 t CO₂/MILLION USD sales) and 98.1 for the Global Enhanced Equities portfolio (2019: 137.0 t CO₂/MILLION USD sales). Both portfolios are part of the Achmea EQ DM.

⁴ The number of kg of CO₂ per m² of the real estate investments is 42.3
n/a = not available

SUPPLEMENT F. CONNECTIVITY TABLE

The material topics are described in the chapter In dialogue with our stakeholders. The table below shows how the material topics are embedded in the strategic pillars of our strategy (you can read more on this in the chapter Our strategy). The material topics are given in the order of importance attached to them by the various stakeholders (from high to less high). We also demonstrate how we manage these material topics.

Material topic	Strategic pillar	How we measure progress on this topic	Stakeholders for which this is a material topic	Section of annual review
Responsible investment	<ul style="list-style-type: none"> Sustainability & climate 	<p>Achmea has drawn up a climate charter. This sets out our ambitions, long-term objectives and targets for the short term that enable us to work towards these. We measure progress on these objectives in part using the following indicators:</p> <ul style="list-style-type: none"> - PRI score and other ESG-related rankings - % of own risk investments for which carbon footprint is known - carbon footprint/intensity of investments - number of engagement processes/votes - mortgage portfolio energy labels - implementation of exclusion policy 	<ul style="list-style-type: none"> Customers Society Capital providers 	<ul style="list-style-type: none"> Objectives and results: How we create value for society Supplement E. Other sustainability information
Climate change	<ul style="list-style-type: none"> Sustainability & climate 	<p>Achmea has drawn up a climate charter. This sets out our ambitions, long-term objectives and targets for the short term that enable us to work towards these. The objectives for the workflows are formulated in this charter (1. Insurance and services, 2. Investment, savings and funding and 3. Internal business operations). We measure progress on these objectives in part using the following indicators:</p> <ul style="list-style-type: none"> - carbon footprint from own operations (in kton) - energy savings (in gigajoule) - % of electric vehicles in fleet of lease cars - and all indicators under responsible investment 	<ul style="list-style-type: none"> Customers Society Employees 	<ul style="list-style-type: none"> Objectives and results: How we create value for society Supplement E. Other sustainability information
Healthcare and health	<ul style="list-style-type: none"> Cooperative identity Joining forces Innovation 	<p>Achmea has drawn up a variety of charters, including on taking advantage of our combined strengths, entering into partnerships in order to accomplish our goals more quickly and devising a modern interpretation of our cooperative identity. These set out our long-term ambitions, which are in turn worked into different methods for measuring progress on these ambitions. We also measure how our impact evolves via:</p> <ul style="list-style-type: none"> - relational NPS Zilveren Kruis - customer satisfaction consumer market, Health, annual MarketResponse survey 	<ul style="list-style-type: none"> Customers Society Partners 	<ul style="list-style-type: none"> Objectives and results: How we create value for our customers Objectives and results: How we create value for society

SUPPLEMENT F. CONNECTIVITY TABLE CONTINUED

Material topic	Strategic pillar	How we measure progress on this topic	Stakeholders for which this is a material topic	Section of annual review
Robust financial performance	<ul style="list-style-type: none"> Cooperative identity Responsible returns 	<p>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.</p> <ul style="list-style-type: none"> - operational result - result after tax - solvency ratio - combined ratio - operating expenses - debt ratio 	<ul style="list-style-type: none"> Customers Employees Capital providers 	<p>Objectives and results: How we create financial value</p>
Protection of customer data	<ul style="list-style-type: none"> Cooperative identity Innovation 	<p>Achmea wants customers, employees and partners to be able to work securely with their information and therefore wants at least to meet IT security standards and comply with privacy legislation and the GDPR. Yet Achmea aims to go further in this respect, as a trusted way of working involves more than just complying with standards and laws. Achmea has drawn up a number of charters to this end, including on data as an asset and digital working. These set out our ambitions and milestones for the short term that enable us to work towards these. We focus on achieving these milestones and make adjustments where necessary.</p>	<ul style="list-style-type: none"> Customers Society 	<p>Objectives and results: How we create value via our processes</p>
Solidarity & inclusion	<ul style="list-style-type: none"> Cooperative identity Joining forces Innovation 	<p>Achmea has drawn up a variety of charters, including on taking advantage of our combined strengths, entering into partnerships in order to accomplish our goals more quickly and interpreting our cooperative identity. These set out our long-term ambitions, which are in turn worked into different methods for measuring progress on these ambitions.</p>	<ul style="list-style-type: none"> Customers Society Employees 	<p>Objectives and results: How we create value for society</p>
Innovation & technology	<ul style="list-style-type: none"> Cooperative identity Responsible returns Innovation Joining forces 	<p>Achmea has drawn up a variety of charters, including on effective and efficient processes, data as an asset and digital working. These set out our ambitions and milestones for the short term that enable us to work towards these. We focus on achieving these milestones and make adjustments where necessary. In addition, we regularly conduct assessments, such as CMAs (Cyber Maturity Assessments), to measure progress on this topic.</p>	<ul style="list-style-type: none"> Customers Society Employees Partners 	<p>Objectives and results: How we create value via our processes</p>

SUPPLEMENT F. CONNECTIVITY TABLE CONTINUED

Material topic	Strategic pillar	How we measure progress on this topic	Stakeholders for which this is a material topic	Section of annual review
Financial empowerment	<ul style="list-style-type: none"> Cooperative identity Joining forces 	Achmea gives tangible substance to this topic within its strategic focus areas. We have formulated long-term objectives for the strategic focus areas which we aim to achieve together with customers, partners and society. With a view to making Achmea's contribution to these goals more tangible, Achmea has drawn up a variety of charters, including on interpreting our cooperative identity and entering into partnerships in order to accomplish our goals more quickly. These set out our long-term ambitions, which are in turn worked into methods for measuring progress on these ambitions.	<ul style="list-style-type: none"> Customers Society 	Objectives and results: How we create value for society
Sustainable & safe mobility	<ul style="list-style-type: none"> Sustainability & climate Cooperative identity Joining forces Innovation 	Achmea gives tangible substance to this topic within its strategic focus areas. We have formulated long-term objectives for the strategic focus areas which we aim to achieve together with customers, partners and society. With a view to making Achmea's contribution to these goals more tangible, Achmea has drawn up a variety of charters, including on the climate, interpreting our cooperative identity and entering into partnerships in order to accomplish our goals more quickly. These set out our long-term ambitions, which are in turn worked into different methods for measuring progress on these ambitions. In addition, we measure progress via the number of users of a variety of innovative apps, such as Automodus, PhoNo and WegWijsVR.	<ul style="list-style-type: none"> Customers Society Capital providers 	Objectives and results: How we create value for society
Good employment practices	<ul style="list-style-type: none"> Cooperative identity Responsible returns 	Achmea has drawn up a charter 'Developing employees and organisation' in which we set out our long-term objectives and targets for the short term that enable us to work towards these. We focus on meeting these annual targets and make adjustments where necessary. We also measure how our impact evolves via: <ul style="list-style-type: none"> - Employee Engagement Survey response rate - various Employee Engagement Survey scores - NPS score for recommending Achmea as an employer - gender diversity 	<ul style="list-style-type: none"> Employees Capital providers 	Objectives and results: How we create value for our employees
Sound business climate	<ul style="list-style-type: none"> Cooperative identity Joining forces 	Achmea gives tangible substance to this topic within its strategic focus areas. We have formulated long-term objectives for the strategic focus areas which we aim to achieve together with customers, partners and society. With a view to making Achmea's contribution to these goals more tangible, Achmea has drawn up a variety of charters, including on interpreting our cooperative identity and entering into partnerships in order to accomplish our goals more quickly. These set out our long-term ambitions, which are in turn worked into methods for measuring progress on these ambitions.	<ul style="list-style-type: none"> Society Partners 	Objectives and results: How we create value for society

SUPPLEMENT F. CONNECTIVITY TABLE CONTINUED

Material topic	Strategic pillar	How we measure progress on this topic	Stakeholders for which this is a material topic	Section of annual review
Customer satisfaction	<ul style="list-style-type: none"> • Cooperative identity • Innovation • Responsible returns 	<p>With our insurance policies and services, we aim to offer customers sound and accessible solutions for dealing with uncertainties. In keeping with our cooperative identity, which puts customer interests first, we focus on ensuring satisfied customers and at the same time realising a sound long-term financial performance. We measure customer satisfaction in part using:</p> <ul style="list-style-type: none"> - customer satisfaction scores - relational NPS 	<ul style="list-style-type: none"> • Customers 	<p>Objectives and results: How we create value for our customers</p>
Safe and sustainable home and living environments	<ul style="list-style-type: none"> • Sustainability & climate • Cooperative identity • Joining forces • Innovation 	<p>Achmea gives tangible substance to this topic within its strategic focus areas. We have formulated long-term objectives for the strategic focus areas which we aim to achieve together with customers, partners and society. With a view to making Achmea's contribution to these goals more tangible, Achmea has drawn up a variety of charters, including on the climate, on taking advantage of our combined strengths, entering into partnerships in order to accomplish our goals more quickly and devising a modern interpretation of our cooperative identity. These set out our long-term ambitions, which are in turn worked into different methods for measuring progress on these ambitions. In addition, we measure progress by monitoring the use of a variety of innovative services, including the number of planted (or ordered) green roofs and installed solar panels.</p>	<ul style="list-style-type: none"> • Customers • Society • Partners 	<p>Objectives and results: How we create value for society</p>
Sustainable products and services	<ul style="list-style-type: none"> • Sustainability & climate • Cooperative identity • Joining forces • Innovation 	<p>Achmea has drawn up a variety of charters, including on the climate, taking advantage of our combined strengths, entering into partnerships in order to accomplish our goals more quickly and devising a modern interpretation of our cooperative identity. These set out our long-term ambitions, which are in turn worked into different methods for measuring progress on these ambitions. In addition, we measure progress using a variety of innovative services, including the number of planted (or ordered) green roofs and installed solar panels.</p>	<ul style="list-style-type: none"> • Customers • Society • Partners 	<p>Objectives and results: How we create value for society</p>

SUPPLEMENT G. 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.

Combined ratio

The combined ratio is a measure of profitability used by insurance companies to indicate how well they are performing in their day-to-day operations. A ratio below 100% indicates that the company is making underwriting profit while a ratio above 100% means it is incurring higher expenses and paying out more money in claims than it is receiving from premiums. A ratio of over 100% does not necessarily mean that an insurer is making a loss on the contract, however, given that an insurer can still generate investment income. The combined ratio is the sum of the claims ratio and the expense ratio.

Collateral

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

Compliance

Compliance refers to the process of ensuring that laws and regulations are adhered to within an organisation. The purpose of compliance is to manage compliance risk and reduce any loss arising from such risk.

Corporate Governance

Corporate Governance refers to the way in which companies are governed, and involves maintaining a system of checks and balances within corporations. It refers to a combination of governing, managing, supervising and accounting for the company's policies to a number of different stakeholders, including customers, employees, (business) partners and shareholders.

Corporate Social Responsibility (CSR)

By engaging in Corporate Social Responsibility (also known as 'sustainable business'), we demonstrate that we are responsible for the quality of life in society and the communities in which we operate. This means being a responsible member of the community through charitable actions, which may include encouraging and facilitating volunteer work by employees.

Covered bonds

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

Counterparty default risk

The risk to each party of a contract that the counterparty will not live up to its contractual obligations. Achmea is exposed to many counterparties in the areas of investment, treasury, banking, reinsurance, healthcare providers, brokers and policyholders.

SUPPLEMENT G. GLOSSARY CONTINUED

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 most of the domestic insurance market, is an independent entity governed and funded by its members.

ECB AAA Curve

Yield curve based on government bonds issued by Eurozone countries with a Fitch AAA rating set by the European Central Bank.

Engagement

Engagement is a form of responsible investment whereby investors take on the role of active shareholders, entering into a dialogue with investee companies regarding sustainability issues.

ESG

The Environmental, Social and Governance aspects of an organisation that must be taken into account in order to conduct specific processes, including the investment of premium funds, in a socially-responsible manner.

Exclusion (relating to responsible investment)

Exclusion refers to the practice of refraining from investing in specific companies, such as those engaged in the manufacture of products regarded as controversial by the Dutch government, e.g. producers of cluster bombs, land mines, and biological and chemical weapons.

Execution only

Execution-only services refer to services whereby customers select their own insurance products, including all product options, without seeking actual advice from the insurer.

Expense ratio

The expense ratio is operating expenses, including internal costs of handling claims, less internal investment expenses and less restructuring provision expenses, expressed as a percentage of net earned premiums.

Free Capital Generation

The change in equity that is freely available, for example for dividend payments or investments. This is the increase in capital above the required capital under Solvency II or the required capital according to the own requirement.

SUPPLEMENT G. GLOSSARY CONTINUED

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.

Global Reporting Initiative (GRI)

International organisation that sets guidelines for sustainability reporting.

Goodwill

The amount of future economic benefits arising from assets that are not capable of being individually identified and separately recognised as an asset in a business combination.

GPF: General Pension Fund

GPFs are new players in the second pillar of the pension market and are not restricted to a specific area. This allows GPFs to combine and administer the pension schemes of different employers or pension funds. This may result in economies of scale and cost benefits, while still maintaining control over the pension scheme.

Gross written premiums

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

Impairment

The amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The asset's carrying amount is reduced to its fair value and recognised in profit and loss.

Insurance contract

A contract under which one party (the insurer) accepts an insurance risk from another party (the policyholder) by agreeing that the policyholder will receive compensation if a specific future event (i.e. the insured event) adversely affects the policyholder.

Insurers' Code

This code of conduct is based on three core values of the insurance sector: 'providing security', 'making it possible' and 'social responsibility'. The code serves as a basis for the activities of the Dutch Association of Insurers (Verbond van Verzekeraars) and its individual members. It combines existing and new self-regulation of the sector with general provisions.

Intangible asset

An identifiable, non-monetary asset without physical substance.

Integrity (corporate ethics)

Integrity or corporate ethics refers to acting in a conscientious manner and in line with the applicable codes of conduct. It includes not conducting business with organisations and/or individuals that are guilty of corruption and/or fraud and also covers the way fraudulent claims are handled.

Interest rate risk

The risk that the fair value or future cash flows of a financial instrument and/or commitments will fluctuate because of changes in market interest rates.

International Financial Reporting Standards (IFRS)

Reporting standards and interpretations for companies issued by the International Accounting Standards Board (IASB). These comprise: International Financial Reporting Standards (IFRS and IAS); and Interpretations by the International Financial Reporting Interpretations Committee (IFRICs and SICs).

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.

SUPPLEMENT G. GLOSSARY CONTINUED

Market risk

Market risk refers to the risk that an entire market or asset class declines, which can potentially affect the price and value of the assets in the portfolio.

Micro-insurance

Micro-insurance products are designed for the most deprived populations in developing countries. These insurance policies offer very low premiums, while the sum insured is low as well.

Mortgage-backed securities

Mortgage-backed securities are a type of asset-backed security that is secured by a mortgage or collection of mortgages.

Net Promoter Score (NPS)

The Net Promoter Score (NPS) is an important and widely known performance indicator for customer satisfaction and customer loyalty. The higher this score, the more satisfied and loyal customers and users are. The central question is how likely it is that customers would recommend the company or brand to others. This results in a score that varies between -100 and +100.

Operating expenses

All expenses associated with selling and administrative activities (excluding commissions) after reallocation of claim handling expenses to benefits paid.

Operational risk

The risk that losses may occur from the inadequacy or malfunctioning of internal processes or systems, or external events.

Option

A financial instrument that conveys the right to buy (call option) or a right to sell (put option) a security at a reference price during a specified time frame.

Own risk investments

Own Risk investments relate to the premiums paid by our customers. These are invested in order to be able to meet future commitments.

Parent company

An entity that has control over one or more other companies (the subsidiary).

Pillars of the Dutch pension system

In the Netherlands, a pension can be accrued in four different ways. These are known as the four pillars of the Dutch pension system. The first pillar is the state pension (AOW) that senior citizens receive from the Dutch government, the second is the pension that is accrued via the employer, the third is the individual pension accrued on a voluntary basis and the fourth is the accrual of (pension) capital via a person's own home.

Principles for Responsible Investment (PRI)

The United Nations Principles for Responsible Investment (PRI) represent a framework for institutional investors. Launched in April 2006, the PRI aim to help integrate consideration of environmental, social and governance issues by institutional investors into investment decision-making. Further information is available at www.unpri.org.

Principles for Sustainable Insurance (PSI)

The United Nations Principles for Sustainable Insurance (PSI), launched in 2012, are a standards framework for insurance companies designed to incite the insurance industry to consider environmental impact, social living conditions, transparency, customer interests and corporate governance in its business operations. Further information is available in supplement C and at www.unepfi.org.

Private equity

An asset class consisting of equity securities of companies that are not publicly traded on a stock exchange.

Prudent remuneration policy

A prudent remuneration policy attempts to find a balance between compensation that is commensurate with the abilities and level of responsibility of our employees, international standards and rules, and the expectations of our stakeholders. The principles for a controlled remuneration policy, as set by regulators the Dutch Central Bank (DNB) and the Netherlands Authority for the Financial Markets (AFM), serve as

SUPPLEMENT G. GLOSSARY CONTINUED

the basis for evaluating the remuneration policies of financial companies. The principles and supervision of this policy are aimed at fighting the incentives which could potentially result in undesired and irresponsible risks being taken, which, in turn, could cause customer interests to be neglected.

Responsible investment

Responsible investment (also referred to as ‘ethical investment’ or ‘socially-responsible investment’) is a form of investment whereby financiers consider the impact on human beings and the environment in their investment decisions.

Service book

Portfolio of pension & life insurance contracts. This insurance portfolio consists of a closed portfolio of pension and life insurances in which no new policies are sold and an open portfolio of new sales of term life insurance policies and direct annuities.

Socially accepted return

In order to achieve a socially accepted return, it is important to strike a balance between implementation costs, profit and solvency on the one hand and the amount of the premiums on the other hand. There is a public interest, in particular, in privatised collective provisions such as the basic health insurance.

Solvency

Solvency expresses the degree to which insurers are able to meet their future obligations. All insurance companies are required by law to maintain a specific solvency margin as a safety margin (required solvency margin). This is regulated by 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.

Subordinated debt

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

Supplementary health insurance

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

Sustainable development / Sustainability

Development that meets the needs of today’s generation, without endangering the ability of future generations to meet their own needs. Sustainable development encompasses three dimensions: economic, ecological and social. Sustainable development refers to wider environmental and social interests rather than the interests of specific organisations.

Taskforce on Climate-related Financial Disclosures (TCFD)

Taskforce set up in 2015 by the Financial Stability Board to develop climate-related financial risk information. The idea is for the information to offer insight into the financial impact of climate change on a company.

Third-party companies

Third-party companies include the following Achmea subsidiaries of which the social and environmental aspects are not registered at the central level. This is in line with the structure used for HR policy (see also supplement D) and comprises the following entities: Eurocross Assistance, InShared, Klant Contact Services,

SUPPLEMENT G. GLOSSARY CONTINUED

OZF (up to and including 2019), Pim Mulier and Achmea Vitaliteit / Actify.

Ultimate Forward Rate (UFR)

The Ultimate Forward Rate (UFR) represents the notional interest rate after the last liquid point (LLP) in the forward swap market. It is a risk-free notional interest rate used for long-term contracts which are undertraded due to the long period of time involved. The UFR is used for a variety of purposes, including the valuation of specific long-term contracts and to calculate the solvency ratio.

Unit-linked contracts

Life-insurance contract which involves investing in an investment fund through the purchase of units. There is often a choice between equity, bond and mixed funds.

United Nations Universal Declaration of Human Rights

Adopted and proclaimed by the General Assembly of the United Nations on 10 December 1948, the United Nations Universal Declaration of Human Rights sets out the fundamental rights of all people and is a key element of many organisations' codes of conduct as part of their supply-chain responsibility policies.

Underwriting risk

The risk the insurer has taken over from the policyholder. Achmea is exposed to life risk, non-life risk, income risk and health risk as a result of its broad insurance product range.

VCS certificates

VCS stands for Voluntary Carbon Standard. These standards are used to determine whether carbon emissions are being reduced in sustainable projects. VCS are only used for assessments to obtain VERs (Verified Emission Reduction credits). The VERs issued by VCS are also known as VCUs (Voluntary Carbon Units).

COLOPHON AND CONTACT INFORMATION

This is the English-language version of the Achmea annual report for 2020. A Dutch-language version of this report is also available. In the event of a conflict between the two versions, the Dutch-language version will take precedence. The annual report can be downloaded from the Achmea website (www.achmea.nl).

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