

# REMUNERATION REPORT 2011

Achmea's vision on remuneration policy

# Preface

This Remuneration Report gives an overview of the development of remuneration practices at Achmea in 2011. This report discusses the most important aspects of the company's remuneration policy, its underlying vision, the responsibilities and key performance indicators. This transparency is in line with our bold objective of becoming 'the most trustable insurer'. It also complies with the publication requirements of Wft 2011, article 25. We believe this report reflects the identity of the Group, provides clarity to our stakeholders and allows for examination by supervisors.

## Realization

For a better reflection of our identity and in order to comply with additional regulatory requirements (Regeling Beheerst Beloningsbeleid wft 2011), Achmea's Remuneration Policy has been reviewed. This report deals with the most important changes of the company's new Remuneration Policy. This policy complies with the new legislation, which emphasizes the elimination/prevention of financial incentives that could possibly increase risk inclination in the company's operational and financial strategy. Achmea already used a conservative remuneration policy – the new legislation prescribes additional requirements to the procedures and the demonstrability. This has been reflected in the adjustments and implementation. The report is therefore in line with the guidelines as formulated by DNB, AFM, European legislation and self-regulation (such as the 'Code Banken' and the 'Code Verzekeraars').

## Matches the identity

Achmea underwrites the objectives of a controlled remuneration policy, which was already in place before the new legislation was enforced. This predominantly deals with the Group's identity, vision and structure. Achmea is a company with corporative shareholders, who focus on the customer and the customer's interest. As a consequence, the Group works according to a broad stakeholders approach: the corporate strategy is formulated, executed and examined by taking into account the interests of four stakeholders (customers, distributors, employees and shareholders). This combination reflects the Group's social responsibility and the role it sees for itself in society. Corporate social responsibility is therefore more than just one the Group's activities; it is an integral part of the company.

Finally we would like to mention that in the Achmea Annual Report 2011, section 'Supervisory Board Report' also deals with remuneration and the developments in 2011. This Remuneration Report will refer to the Annual Report whenever necessary – and vice versa.

Zeist, March 2012

Willem van Duin  
Chairman  
Executive Board

Henk Slijkhuis  
President  
Remuneration Committee

Arnold Walravens  
President  
Supervisory Board

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# 1. Achmea's vision on remuneration policy

## Achmea's identity

Achmea is a company with cooperative roots which trace back to 1811. It is not a publicly listed company and maximizing profit for profit's sake is never a goal. The corporate approach is mainly driven by maximizing the return on investment: safeguarding the continuity and value creation necessary to reach long term objectives and that are in the best interest of all our stakeholders. In doing so Achmea focuses on the customer's interests. This is an integral part of our vision, strategy, identity of Achmea, where the interests of shareholders are aligned with those of the customers. After all, the corporative shareholders represent predominantly the customer and the customer's interest. Following this identity, Achmea employs a four stakeholder model:

### 1. Customers

Achmea aims to offer solutions that customers understand, choose and recommend. The customer comes always first.

### 2. Shareholders

Achmea seeks, given its risk profile, for ways to realize an above-average achievement, which it can use as an investment in solutions for the customer and the society as a whole. That is a choice for value creation on the long term instead profits maximization on the short term.

### 3. Employees

Achmea is an employer of professional and engaged people.

### 4. Distributors

Achmea works with strategic partners that focus the customers' best interests.

## Remuneration Policy that matches the identity

Achmea's remuneration policy has been modified again in 2011. Moreover, it has been elaborately documented, including governance and procedures. The Achmea Remuneration Policy matches Achmea's identity, strategy and ambition.

The remuneration policy is applicable to the entire Achmea group in the Netherlands, the holding, the divisions and to both Dutch and foreign subsidiaries. This means that all divisions are managed according to the same guidelines and decision-making structure. And also the supervision by Achmea is done in an identical manner.

In short, Achmea's remuneration policy encompasses the following objectives:

The remuneration policy stems from our identity.

1. Achmea strives for a well-managed policy that eliminates excesses or undesirable incentives. Its structure needs to be straightforward and the content has to be clear-cut. This leaves no space for incentives that are complex or are experienced as little transparent. We have run down the share option compensation packages by 98%. The remuneration policy should also be innovative and positioned on the crossroads of business and society. This should be reflected by both material and immaterial employment conditions. Amongst others, this includes providing facilities with respect to work-life balance, diversity and care.

2. The remuneration policy is not only attractive for current employees but also appealing when it comes to hiring new talent. In terms of positioning we aim for a median level from a ‘Total Remuneration Perspective’: it is not only about the primary compensation, but about the entire package of fixed and variable compensation, secondary and tertiary employment conditions (including pension plans).
3. Remuneration throughout the company should be fair and in proportion. This is supported by a position evaluation system and – if necessary – extended with HR tools to determine the (added) value of assignments, roles and/or persons. This principle is accurately reflected in our remuneration policy. For instance, we use the salary raise we agreed upon with Dutch CLA (= Collective Labour Agreement) employees also for above-CLA employees, including the Executive board.
4. The remuneration policy leaves room for variable compensation. Variable compensation can be supportive for certain employee categories by aligning the behaviour to the objectives that are important to our stakeholders and contribute to continuity and value creation. A variable compensation structure may never cause risk-seeking behaviour or short-term maximization of individual revenues. It is for this reason that we included control mechanisms in our policy, the so-called Key Performance Indicators (KPIs) and Key Risk Indicators (KRIs). This helps steering towards the achievement targets in a well-balanced way. Achievement targets reflect the interests of our stakeholders and are both quantitative and qualitative. They encompass concrete business results but also behavioural results, for instance in the field of leadership and involvement. When the proportion of variable compensation is determined, we make sure it reflects the right mix of company-level, division-level and employee-level achievements and takes into account the risk profile of the firm. As a consequence, the strategic road map of Achmea is translated to the subordinate levels of the company; ultimately also what this means for each individual employee and what he or she must contribute to fulfil strategic objectives. The strategic map shows the strategic and sustainable targets that serve the interest of our stakeholders from six different perspectives. The variable compensation that is awarded in a year can never be more than 100% of the fixed salary. Moreover, under special circumstances Achmea has the right not to pay out any variable compensation and even to claim back variable reward that was already awarded. Suffering from (extreme) financial losses qualifies as a special circumstance. In this case, The Supervisory Board and the Executive board, respectively, will use their authority not to award variable compensation. Besides Achmea-specific circumstances, external factors (e.g. new legislation or societal development) could also justify this decision.

Given the Group’s result it has been decided that no variable reward is awarded to groups above CLA, Top Position Holders at the foreign subsidiaries and the so-called risk takers.

For CLA employees an exception is made. The variable compensation for this group of employees that is based on the Group’s results will not be awarded.

Normally we would publish the information regarding variable compensation in 2011 in the Annual Report of 2012. Given the fact that no variable compensation will be paid out for 2011 (apart from the above mentioned), we included this decision in this Remuneration Report.

# 2. Governance

## 2.1 The Supervisory Board and its Remuneration Committee

### Range

Achmea's remuneration policy as a whole in the Netherlands and abroad is determined by the Supervisory Board (SB). The Remuneration Committee (RemCee) of the Supervisory Board plays an important role in preparing, advising and monitoring that policy.

More specifically, the RemCee takes care of the preparation of advice on (adjustments of) the remuneration of the individual member of the Executive board (Executive Board). The committee is also concerned with examining the Group on market conformity. Based on the advice of the RemCee, the SB then determines the remuneration of each individual member of the Executive Board. The committee is also responsible for formulating the achievement targets and for examining the results of the individual members of the Executive Board by taking into account the right checks and balances (amongst others, safeguarding the adequate risk adjustment procedures by Risk & Compliance). The results are also determined by the Supervisory Board.

More generally, the Supervisory Board and the RemCee have a supervisory and controlling role with respect to the execution of the remuneration policy of the Executive Board of the Dutch and foreign corporation and the Group, of which execution is the primary responsibility of the Executive Board.

### Adjustments to the Remuneration Policy in 2010 and 2011

Following the proposal by the RemCee and the Executive Board (see below), the Supervisory Board has reviewed Achmea's Remuneration Policy in 2010 and 2011, mainly on the basis of the newly formulated strategy and identity. The adjustments were derived from the ambition of 'The most trustable insurer', additional legislation by supervisors and by interpreting societal developments.

The most important modification that was made in Achmea's remuneration policy in the beginning of 2010 was to stop with assigning share option packages and to start with awarding variable compensation based entirely on the sustainable stakeholder model. Awarding share options or other types of equity titles or 'phantoms' was no longer seen as something that was in line with Achmea's identity.

In 2011 the main focus was on the adjustments that had to be made as a result of the enforcement of 'Regeling Beheerst Beloningsbeleind 2011' by the DNB. This law was meant to pave the way for the enforcement of the European Capital Requirements Directive III and the guidelines as formulated by the European Banking Authority (EBA), previously the Committee of European Banking Supervisors (CEBS), i.e. the guidelines as issued by the CEBS on December 10, 2010.

### Competence

The RemCee is also concerned with ensuring that remuneration policy is still in line with possibly changed legislation. The Committee informs itself by means of education and/or external advice by remuneration experts. For the execution of their tasks they attend various trainings during the year. These trainings might for example deal with governance, risk management, Solvency II. In addition, meetings with external advisors regarding specific topics are held.

### **Relation with decentralized Supervisory Boards**

For the execution of its task, the RemCee has direct access to the control functions in the Group, which goes via the president and/or secretary of the RemCee. At the same time, the directors of the control functions have, if necessary, a direct line to the president of the RemCee.

The above described governance is initially applicable to all parts of Achmea and also to all Dutch and foreign subsidiaries. For some subsidiaries, special RemCee's are installed. Also specific legislation that holds for particular subsidiaries is taken into account in Achmea's Remuneration Policy. Insurance entities for instance have to comply with the 'Code Verzekeraars' while Achmea Bank en Staalbankiers have to comply with the 'Code Banken'. Achmea's Remuneration Policy also includes the responsibilities of the decentralized and Remuneration committees as well as the relationship of Achmea's Supervisory Board and its RemCee. In case of conflicts or adjustments concerning the remuneration policy the judgment of (RemCee of the) Achmea's Supervisory Board always prevails.

The duties, responsibilities and authorities of the Supervisory Board and its RemCee are elaborately documented in the Achmea Remuneration Policy, more specifically in the Regulation of the Supervisory Board and the Regulation of the Remuneration Committee and the Supervisory Board. These regulations also include the specific competency requirements of the members.

## **2.2 The Executive board**

### **Range**

The Executive board is firstly responsible for Achmea's remuneration policy that applies to the echelons below the Executive board.

The Supervisory Board and its Remuneration Committee, respectively, needs to give its approval to the Executive board in case of:

- (adjustments to) the remuneration policy concerning division presidents, directors in the Netherlands and abroad, senior managers and other above-CLA employees
- The decision regarding the awarding of variable rewards on the basis of the company's results

The biggest part of the Achmea personnel is employed through a CLA. The Executive Board authorizes the director of the HR department or its representative to lead the negotiations with unions regarding (adjustments to) the CLA.

### **Competence of members Executive board**

The members of the Executive board all have specific competences that are needed for their position. Relevant topics include governance, risk management, compliance and remuneration policy, for which continuous education is followed. In addition, meetings with external advisors regarding specific topics are held.

## **2.3 The role of control functions**

With respect to the governance of remuneration policy, a number of so-called control functions are in place. The roles that are fulfilled by these control functions are also anchored in legislation concerning governance and supervision. For instance:

- ‘Regeling Beheerst Beloningsbeleid Wft 2011 by the De Nederlandsche Bank’\*
- ‘Code Governance Principles by the Verbond van Verzekeraars’\*
- ‘Code Banken by the Nederlandse Vereniging van Banken’\*

\* Dutch governmental regulations, supervising and legislating remunerations.

The control functions are independent and have their own responsibilities, cut loose from the line management. Their tasks, responsibilities and authorities are therefore documented in Achmea’s Remuneration Policy. To enhance the effective execution of their tasks and corporation, control functions participate in the Central Coordination Committee Remuneration Policy.

Also the objectives and tasks of this committee are documented. Finally, the remuneration policy of the members of this committee is as such that it warrants their independency. For those that have a variable component included in their remuneration package, this is only based on achievement criteria that are unrelated to the organization they are supervising.

Below we suffice with a summary of the most important control functions and their tasks, responsibilities and authorities.

- **The HR function**

The HR function deals with formulating, coordinating and monitoring the remuneration policy, both in the Netherlands and abroad. HR periodically runs checks to examine if the remuneration policy is consistently applied. HR aims to prevent and/or manage diversions from the policy. HR reports to both the Executive Board and (the RemCee of the) Supervisory Board. HR thus has the possibility to escalate through the RemCee in case of conflicts with the Executive Board or departments or divisions. HR plays an important role in the preparation, execution and evaluation of the remuneration policy and collaborates closely with other control functions.

- **De Risk & Compliance function**

Risk & Compliance (R&C) is concerned with formulating, executing and monitoring the remuneration policy. Every year a risk taker <sup>1</sup> analysis is performed as well as a risk analysis on the remuneration structure. By request of the RemCee the risk taker is updated each six months. Based on the results of these analyses, controls and execution are further intensified wherever needed. R&C plays an important role in determining targets to which variable compensation relates. This is especially true for the so-called risk takers. Before setting targets the risk takers, so-called key risk indicators are defined by R&C that match Achmea’s risk preference. When awarding variable compensation to risk takers, an examination of the group-level and department-level targets takes place. This is a sustainability test, as required by the Regeling Beheerst Beloningsbeleid (RBB). Risk Management also performs a solvability and liquidity test in the case of awarding variable compensation to risk takers.

Members of the R&C team also examine the policy-preparing proposals by P&O with respect to rewards. Every year they assess if the policy complies with legislation concerning remuneration policy and if it is in line with corporate strategy, objectives and the company’s core values to make Achmea the most trustable insurer.

- **The Internal Audit function**

Achmea has one audit function (AI) for the entire organization. In de ‘Achmea Internal Audit

<sup>1</sup> Risk Takers are Achmea employees who because of their position can exert material influence on Achmea’s risk profile.



Charter' is documented how the IA functions. Special attention is paid to ensuring independence and objectivity. Furthermore, the Group's director Internal Audit is authorized to directly contact the Audit & Risk Committee and the Supervisory Board. Every year the plan of action for the yearly audit on Achmea's Remuneration Policy is reviewed jointly with the president of the RemCee. IA reports its findings about the internal management of Achmea's Remuneration Policy to the RemCee.

- **Other functions connected to remuneration policy**

Planning & Control is concerned with the preparation of the business planning for the Executive board and the divisions, which is determined jointly with the SB. Planning & Control also manages the process of designing and monitoring the Achmea's strategy map (and its divisions). The Executive board and subordinate echelon directors deduct their targets from this strategy map. The translation to a division-level is documented in the division-specific strategy map that is drafted by de Executive Board and finally prepared by Planning & Control.

# 3. Remuneration policy and structure – per echelon

## 3.1 Executive board

### Fixed remuneration

#### Remuneration principles

The content and responsibilities of the president, vice president and the members of the Executive Board are decisive for the weight of the position. The different positions are weighted in terms of aspects such as impact and responsibility, complexity of the managerial context in which must be operated and the knowledge that is required. In 2011 all members of the Executive Board were identified as risk taker, which is in line with the definition that is used in the Regeling Beheerst Beloningsbeleid Wft 2011.

To determine the level of the position and the (fixed) remuneration, the Supervisory Board periodically commissions benchmark studies. In these studies the total remuneration level is compared with positions of equal heaviness in a similar context. The so-called peer group consists of similar enterprises in the financial sector and beyond. It deals with companies that are headquartered in the Netherlands, but also have foreign operations.

#### Average\* fixed remuneration Executive board in 2011

Average fixed salary	€ 680.000,–
Average pension plan	€ 300.000,–

\* Achmea's Executive Board consists of 5 members.

#### Variable reward: amount

After the variable rewards were aligned with Achmea's renewed identity in 2010, new adjustments have been made in 2011. These adjustments relate to the performance systematics and to the way the compensation is awarded.

For the president, vice president and the members of the Executive Board are all equally compensated for on-target performance: maximum 85% of the annual fixed salary, depending on the realization of pre-determined targets. In case of outperformance the Supervisory Board may decide to award an additional 15%. Thus, in case of outperformance the total variable reward component amounts for maximum 100% of the total annual fixed salary. This also complies with ceiling as determined by the Code Verzekeraars and the Code Banken.

The assignment process complies with Achmea's Remuneration Policy and is in line with the Regeling Beheerst Beloningsbeleid Wft 2011.

#### Variable reward: performance systematics

Each year, targets are set in dialogue with the Executive Board, following a procedure that is outlined in Achmea's Remuneration Policy. The performance systematics are for the one half based on group-level targets and for the other half on individual targets, which are examined as a whole.

In order to set the achievement targets for the Executive Board, a Supervisory Board (Stakeholder Value Management) map is used, which allows for formulating objectives for the various stakeholders given the key performance indicators (KPIs) and key risk indicators (KRIs). An evenly balanced division is made between short-term and long-term targets. When it comes to the setting and examination of targets, emphasis is placed on long-term value creation. This is in line with our identity and based on the earlier mentioned (chapter 1) stakeholder model. The focus is on the customer, serving the best interests of multiple shareholders and managing risk. The process of translation starts with the Supervisory Board map that is supported by the KPIs and KRIs and has been further intensified and outlined in 2011.

#### **Variable reward: way of payment**

In 2011 the policy changes have been incorporated in the form of payment. This especially holds for the adjustments in the length of the postponed variable reward (from a minimum of three to a maximum of five years) and the way the postponed variable reward is eventually paid out. Also the role of control functions here is further intensified.

The variable reward component is awarded at moment 't', in the year following the year in which the achievement targets are set and documented. For instance, in 2012, the achievement targets of 2011 are set and documented. These consist out of the following two components:

1. One direct fixed part: 50% paid out at moment 't'
2. The postponed part: 50% of the variable reward, conditionally awarded in the form of a partly postponed variable reward, which is not unconditionally awarded and paid out before the year t+5 (five year after the conditional assignment) by means of 'cliff vesting'<sup>2</sup>.

The variable reward that is postponed at moment 't' is examined by means of sustainability test executed by the Remuneration Committee of the Supervisory Board.

The extension of this period for the postponed part of variable reward to a minimum of five years is two years more than the minimum period that is prescribed in the Regeling Beheerst Beloningsbeleid 2011 and is determined for retention purposes and because it matches Achmea's corporate identity. The review of this period and its conditions replace the system of postponed variable rewards that was introduced in the beginning of 2010. The old system utilized a 'postponement system', in which the postponed variable reward could be paid out in three parts of equal size, with the last part being paid out ultimately three years after its assignment.

The variable compensation always takes place in the form of a financial benefit. In line with the principle of simplicity and transparency, Achmea does not use variable compensation in the form of non-financial compensations, retirement plans or financial non-cash instruments.

#### **Variable reward: penalty and claw back**

The policy concerning claw back and malus applies to the variable reward of the members of the Executive Board. Amongst other things this means that the Supervisory Board has the authority to adjust the variable reward (based on achievement targets of the previous years) downwards or even to claim back previously assigned variable reward ('claw back').

Given Achmea's negative financial result over the year 2011, the Executive Board has decided to forgo its variable reward in 2011. The Executive Board has requested the Supervisory Board to do the same.

<sup>2</sup> The design of this variable compensation is in agreement with the "Regeling Beheerst Beloningsbeleid Wft 2011" of "De Nederlandsche Bank", based on CRD III / CEBS guidelines.

### **Pension plan**

The members of the Executive Board have their own pension plan. In short this consists out of the following elements:

- Retirement Age of 65 years
- Service years and end salary
- Build-up percentage of 2% per year of service
- Franchise € 15.499,- (reference date 01/01/2011)
- Relative's pension 70% of total age pension
- Participation in life course savings scheme to allow for early retirement

In 2011 the Supervisory Board has decided to review the current pension plan, which will be followed up in 2012.

### **Other elements**

#### **Lease car**

The lease car is part of the conditions of employment of the members of the Executive board. The typical lease amount takes up an average of € 2.975,- per month. This amount includes fuel expenses and alike. This amount is indexed each year. The choice of a lease car is limited by principles of sustainability, which means that the car has a favourable energy label (label A, B or C)

#### **Reimbursement of fixed expenses**

The members of the Executive board are eligible for a reimbursement of fixed costs, which is split up into share that is taxed and a share that is untaxed. The taxed part amounts for an average of € 8.700,- per member per year, the untaxed part amounts for € 1.200,- per year.

#### **Other employment arrangements**

Furthermore, other employment arrangements are in place for members of the Dutch management board that are equally applicable to the members of the Executive board. As for CLA employees, this encompasses the employee mortgage arrangement and the arrangement 'discount on insurance products'.

#### **Severance payments**

From July 1st, 2011, members of the Executive Board are assigned an exit arrangement or severance payment of a maximum of 12 months. Members that are assigned previous to this date built up rights in a previous arrangement. This holds for three Executive Board members that have exit arrangements based on years of service. In all cases, this has a maximum of 36 months. As for the severance payments the principle of 'not rewarding failure' applies.

## **3.2 Remuneration Policy Division Presidents**

### **Fixed remuneration**

#### **Remuneration principles**

The content and responsibilities of the president, vice president and the members of the Executive Board are decisive for the weight of the position. The different positions are weighted in terms of aspects such as impact and responsibly, the function-specific expertise and knowledge that is required, the (political/managerial) context in which must be operated (and/or its sphere of influence), the so-called risk of failure and the position and organizational size and of complexity of management. This could be examined externally by the Hay method of job evaluation.

Initially each two years the salary scales are compared to remuneration systems in the external labour market. This is based on the results of benchmark research of external consulting companies, such as the Hay Group.

#### Amount

The presidents of the divisions company are qualified as the so-called Achmea Ring 1. The following salary scale holds for Achmea ring 1:

Achmea ring 1	Scale min - max <sup>3</sup>
1	Min 234.668 - Max 335.241

#### Periodical raise

If an employee has not reached the scale maximum yet, he is technically eligible for an annual increase of the monthly salary. The amount of the salary increase depends on the functioning of the president. When a president has reached the maximum of the scale, he will, as a rule, no longer receive an individual raise of salary as long as he works in the same scale, except for general salary increases and a potential scale adjustment as a result of the periodical benchmark research.

#### Variable reward

##### Variable reward: amount

Achmea offers her directors, next to the fixed reward, the possibility for a variable reward component. For division presidents the variable reward component consists of a maximum of 55% of the fixed yearly income. For exceptional achievements ('outperformance') a maximum of 15% extra space is available, so the variable reward component for 'outperformance' will be a maximum of 70% of the annual income. In order to qualify for outperformance, an assessment of at least 'exceeds the required task demands' (2) should have been achieved.

The Executive Board has the power to determine which part of the extra 15% should be awarded as an extra variable reward in case of outperformance.

##### Variable reward: Awarding

The variable reward component is determined by the Executive Board on a yearly basis and tested by the RemCee on the following three parts based on the results of the target year, where each part contributes to the height of the total variable reward for a set percentage.

1. The results of Achmea (30%);
2. The results of the division or staff or service (30%);
3. The achieved results for the individual targets (40%).

Given the Group's financial result, no variable reward is awarded over the year 2011.

The targets, which have to be agreed upon in advance, match the identity of Achmea, are aimed for sustainable value creation for all stakeholders and contribute to the continuity of Achmea. In order to match the personal targets to the group targets of Achmea and the goal of the division / company part, the targets are defined based on the stakeholder approach with the six aforementioned perspectives of the Achmea strategy map.

<sup>3</sup> Gross annual fixed salary as of December 1st, 2011, based on 40 hours a week including holiday pay (8%) and end-of-year bonus (8.33%). This fixed annual salary is paid out in 12 equal parts, each month 1/12 part. As of July 1st, 2011, salary scales and actual salaries are adjusted according to the Achmea CLA, which resulted in a salary increase of 1.25%.

Targets are agreed upon for these perspectives. A (significant) part of the targets should be focused on the long-term. This part should be traceable for five years, so the conclusion can be drawn whether or not these targets are still being realized. The established targets have to be explicitly related to long-term goals, as described in the business plan. The leading motive should be: the customer's interest and the contribution the officer makes to those interests based on his function.

Before awarding takes place, the control functions have their own role, as discussed in chapter 2.

#### Variable reward: way of payment

Given that all division presidents are risk takers (in line with the definition as formulated by the Regeling Beloningsbeleid Wft 2011), the same principles for payout apply as for the Executive board. The variable reward consists of the following two parts:

1. A direct cash part: 50% awarded at moment 't'
2. A postponed part: 50% of the variable reward is conditionally awarded in the form of a partially postponed variable reward, which does not become unconditional and is not paid out before the year t+5 (2017), by means of 'cliff vesting'.

The variable reward that is postponed at moment 't' is examined by means of sustainability test executed by HR and Risk Management.

NB The regulation regarding the postponed part has been established at the start of assessment year 2011. The postponed parts of the variable rewards for 2009 and 2010 adhere to the agreements that were applicable at that time, meaning payment in three equal parts at t+1, t+2 and t+3.

The variable reward always takes place in the form of a financial benefit. Achmea knows no variable rewards in the form of non-financial compensation (payment in kind, such as: trips, real estate, etc.), pension agreements or financial non-cash instruments.

#### Variable reward: penalty and claw back

Given that all division presidents are considered Risk Takers, the policies concerning claw back and penalty also hold here.

#### Pension

The conditions for the main lines of the pension plan, with the exception of claims based on old rights, are (as of January 1st 2010);

- Indexed end payment regulation;
- Retirement Age of 65 years (also the last age for pension building and financing);
- Pension build-up of 2% of the pension baseline times the amount of employment years;
- Relative pension; 70% of the age pension;
- Temporary relative pension: The maximum payment following the ANW, effective from (risk basis) 1st of January prior to the date of death, wherein the income test is not taken into account, minus the amount of money that has been awarded to the relative based on the ANW;
- Orphan pension; 14% of the age pension;
- No own contribution;
- Franchise: € 12.731,- as of the 1st of January 2010. For employees born before the 1st of January 1950, working on the 31st of December 2005, the franchise is € 15.146,- as of the 1st of January 2010. The franchise is adapted every year on the 1st of January in accordance with the percentile increase of the Achmea CLA salaries. The franchise can never become lower than the minimally allowed franchise as stated by the law.

### **Most important other element**

#### **Cost compensation**

For frequently occurring costs, a set cost compensation will be awarded. The cost compensation for Division Presidents is set on € 4.500,- a year, of which € 4.176,- a year can be noted as 'taxed'. The untaxed share is determined by the tax office.

#### **Lease car / NS Business Card**

The directors are awarded a lease car based on the effective lease plan. Achmea strives for a sustainable mobility. In the light of this effort, lease drivers are asked to consider travel time, costs and environmental effects when choosing their professional mode of transport. To facilitate this consideration for its employees, Achmea offers a free NS business card for professional use.

#### **Gratification at anniversaries**

The managing director will receive an anniversary gratification in celebration of a 25- or 40-year employment with Achmea or one of the predecessors of Achmea (respectively one and two gross monthly salaries). This is no variable reward but a reward based on the length of employment. The gratification will be (partially) paid tax-free, in accordance with the fiscal regulations.

#### **Payment education costs**

The division president is responsible for obtaining and maintaining professional knowledge and skills in order to be able to continue to execute current and future functions. In order to stimulate this, Achmea offers an education arrangement.

All studies are 100% compensated after being approved in advance by the direct supervisor. Agreements will be made with the direct supervisor regarding the required time for lessons and/or exams. When the employee chooses to voluntarily cancel his employment during or within two years after finishing a study, a reclamation rule applies, unless different agreements have been made.

Personnel mortgage regulation and regulation discount on insurance products.

The Personnel mortgage regulation and the regulation 'discount on insurance products' applies to members of the Managing Board in the same way as it applies to the CLA-personnel.

#### **Severance payments**

Effective as of October 1st 2011, the severance payment for newly appointed division presidents is limited to a maximum of 12 monthly salaries. For current directors for reasons related to civil justice, the district court formula applies. From there on the policy regarding 'not rewarding failure' applies.

## **3.3 Remuneration Policy Directors**

### **Fixed remuneration**

#### **Remuneration principles**

The content of a function and the responsibilities this function entails determine the weight of the function. The position is classified based on a previously by the Executive Board determined classification instrument which is based on function appraisal. The evaluation is based on the same grounds as the evaluation for divisions (see previous paragraph). This can be externally tested using the Hay method for function appraisal.



## Amount

For directors three salary scales have been established within Achmea Ring 2: salary scale 2A, 2B and 2C. The fixed annual salary is paid in 12 equal parts on a monthly basis.

Schaal	Scale min – max <sup>4</sup>
2A	156.446 – 240.256
2B	134.094 – 212.318
2C	111.746 – 173.207

## Periodical raise

If an employee has not reached the scale maximum yet, he is technically eligible for an annual increase of the monthly salary. The amount of the salary increase depends on the functioning of the employee. When an employee has reached the maximum of the scale, he will, as a rule, no longer receive an individual raise of salary as long as he works in the same scale, except for general salary increases which apply to each employee and a potential scale adjustment as a result of the periodical benchmark research.

## Variable reward

### Variable reward: amount

Achmea offers her directors, next to the fixed reward, the possibility for a variable reward component. For directors the variable reward component consists of a maximum of 35% of the fixed yearly income. For exceptional achievements ('outperformance') a maximum of 15% extra space is available, so the variable reward component for 'outperformance' will be a maximum of 50% of the annual income. In order to qualify for outperformance, an assessment of at least 'exceeds the required task demands' (2) should have been achieved.

The Executive Board has the power to determine which part of the extra 15% should be awarded as an extra variable reward in case of outperformance.

### Variable reward: Awarding

The variable reward component is determined by the Executive Board on a yearly basis and tested by the RemCee on the following three parts based on the results of the target year, where each part contributes to the height of the total variable reward for a set percentage.

1. The results of Achmea (30%);
2. The results of the division or staff or service (30%);
3. The achieved results for the individual targets (40%).

As for the scale used to determine the amount of the variable reward, the same categories are used as for the division presidents.

Given the Group's financial result, no variable reward is awarded over the year 2011.

The targets on which the variable compensation is based upon have the same guidelines as those for the Executive board and Division Presidents.

Prior to awarding the variable reward an ex-post test to group- and company division targets is conducted. Control to the adherence to the conditions for assessment will be conducted by the control functions.

<sup>4</sup> Gross annual salary as of 1st of July 2011, based on 40 hours a week in Euros including holiday pay and end-of-year bonus.



For risk takers, leaders of a control function separate procedures for the process of target setting and target realization have been established. The reason for this is that the independency of these functions should be secured.

#### Variable reward: way of payment

The directors are required to follow the same guidelines as those that hold for payments to members of Executive Board and Division Presidents. Also for this group holds that, given the Group's financial result in 2011, no variable reward is awarded.

NB The regulation regarding the postponed part has been established at the start of assessment year 2011. The postponed parts of the variable rewards for 2009 and 2010 adhere to the agreements that were applicable at that time, meaning payment in three equal parts at t+1, t+2 and t+3.

Also for this group holds that reward always takes place in the form of a financial benefit.

#### Variable reward: penalty and claw back

The policy of claw back and penalty applies to the variable rewards of directors.

#### Pension

The conditions for the main lines of the pension plan, with the exception of claims based on old rights, are (as of January 1st 2010);

- Indexed end payment regulation;
- Retirement Age of 65 years (also the last age for pension building and financing);
- Pension build-up of 2% of the pension baseline times the amount of employment years;
- Relative pension; 70% of the age pension;
- Temporary relative pension: The maximum payment following the ANW, effective from (risk basis) 1st of January prior to the date of death, wherein the income test is not taken into account, minus the amount of money that has been awarded to the relative based on the ANW;
- Orphan pension; 14% of the age pension;
- No own contribution;
- Franchise: € 12.731,- as of the 1st of January 2010. For employees born before the 1st of January 1950, working on the 31st of December 2005, the franchise is € 15.146,- as of the 1st of January 2010. The franchise is adapted every year on the 1st of January in accordance with the percentage increase of the Achmea CLA salaries. The franchise can never become lower than the minimally allowed franchise as stated by the law.

#### Cost compensation

For frequently occurring costs, a set cost compensation will be awarded. As of January 1st, 2009, the cost compensation for directors is set on € 3.000,- a year, of which € 2.618,- a year can be noted as 'taxed'. The untaxed share is determined by the tax office.

All other elements, such as the lease plan, gratification at anniversaries, education costs, mortgage regulation, discount on own products and severance payments are equal to those for Division Presidents. For lease plans, however, lower amounts apply (see previous paragraph).

## 3.4. Remuneration Policy Senior Managers/ Top specialists

### Fixed remuneration

#### Remuneration principles

The content of a function and the responsibilities this function entails determine the weight of the function. The position is classified based on a previously by the Executive Board determined classification instrument which is based on function appraisal. The remuneration principles for this group are equal to those mentioned before. The job evaluations for this group can also be tested externally using the Hay method for function appraisal.

#### Amount

For senior managers / top specialist four salary scales have been established within the so-called Achmea Ring 3: salary scales 3A, 3B, 3C and 3D. The fixed annual salary is paid in 12 equal parts on a monthly basis.

Scale	Scale min – max <sup>5</sup>
3A	111.746 – 173.207
3B	94.985 – 145.271
3C	78.212 – 122.920
3D	67.048 – 100.572

#### Periodical rise

If the employee has not yet reached the scale maximum, he is technically eligible for a yearly raise of the monthly salary. The amount of this salary raise is dependent on the functioning of the president. When an employee has reached the maximum of the scale in which he is classified, he will usually, as long as he is classified in this scale, receive no individual raise anymore, with the exception of general CLA raises and a potential adjustment of the scale maximum as a result of the periodical benchmark research.

#### Promotion

Promotion guideline: In case of promotion the employee will receive a periodical raise which fits the score ‘meets required demands’ and the salary scale in which the employee is categorized after the promotion. This promotion periodical is awarded as long as the maximum salary in the Achmea Ring in which the employee is categorized after his promotion is not exceeded.

### Variable reward

#### Variable reward: amount

Achmea offers her division presidents, next to the fixed reward, the possibility for a variable reward component. For Senior Managers / Top Specialists the variable reward component consists of a maximum of 25% of the fixed yearly income. For exceptional achievements (‘outperformance’) a maximum of 10% extra space is available, so the variable reward component for ‘outperformance’ will be a maximum of 35% of the annual income. In order to qualify for outperformance, a rating of at least ‘exceeds the required task demands’ (2) should have been achieved. The Executive Board has the right to decide which part of the extra 10% is awarded as extra variable reward in case of outperformance.

<sup>5</sup> Gross annual salary as of 1st of July 2011, based on 40 hours a week in Euros including holiday pay and end-of-year bonus.

### Variable reward: awarding

The variable reward component is determined by the Executive Board on a yearly basis and tested by the RemCee on the following three parts based on the results of the target year, where each part contributes to the height of the total variable reward for a set percentage.

1. The results of Achmea (30%);
2. The results of the division or staff or service (30%);
3. The achieved results for the individual targets (40%).

As for the scale used to determine the amount of the variable reward, the same categories and similar processes for target setting and assessment are used as for the division presidents and directors. Prior to awarding the variable reward an ex-post test to group- and company division targets is conducted. Control to the adherence to the conditions for assessment will be conducted by the control functions.

### Variable reward: way of payment

The way of payment is identical to the one employed in the case of directors (see previous paragraph). Also for this group holds that, given the Group's financial result in 2011, no variable reward is awarded.

NB The regulation regarding the postponed part has been established at the start of assessment year 2011. The postponed parts of the variable rewards for 2009 and 2010 adhere to the agreements that were applicable at that time, meaning payment in three equal parts at t+1, t+2 and t+3. Also for this group variable rewards is only in financial benefits.

### Variable reward: penalty and claw back

The penalty policy applies to the variable reward of Senior Managers, as described in chapter 2.1.4. Next to that, the claw back policy applies to Senior Managers which have been identified as risk takers.

### Pension

The (CLA) pension scheme applies to Senior Managers / Top Specialists. The main lines of the pension plan are (as of January 1st, 2010):

- Indexed middle salary arrangement;
- Pension age 65 years;
- Several transition arrangements;
- Pension build-up of 2% per year of the effective pension baseline of that year;
- Relatives pension (including ANW-hiatus);
- Orphan pension;
- An own contribution of (a maximum of) 6% of the pension baseline;
- Franchise age pension from 65 years is € 15.146,- (as of the 1st of January 2011 € 15.335,-) .

### Most important other elements

#### Cost compensation

For frequently occurring costs, a fixed cost compensation will be awarded. The cost compensation for Senior Managers is set on € 2.500,- a year, of which € 2.014,- a year can be noted as 'taxed'. The untaxed share is determined by the tax office. The regulations for cost compensation(s) have been defined in the regulation Cost Compensation(s).

All other elements, such as the lease plan, gratification at anniversaries, education costs, mortgage regulation, discount on own products and severance payments are equal to those for Board

Members and Division Presidents. For lease plans, however, lower amounts apply (see previous paragraph).

### 3.5 Remuneration Policy CLA employees

#### Fixed remuneration

##### Remuneration principles

The employee receives a fixed monthly salary and a annual holiday pay and a end-of-the-year bonus (depending on the Board's decision). The content of the position determines the heaviness of a position that in turn determines the salary scale the position qualifies for. Every function is classified by means of a function description and by its positioning on the Position Level Matrix, which is based on the job evaluation method of Berenschot.

##### Amount

For CLA (= Collective Labour Agreement) employees 11 salary scales have been established: A thru K. Each salary scale has a minimum and a maximum amount. The maximum amount is typically feasible for each employee. The velocity at which an employee grows through the subsequent salary scales depends on his or her functioning and evaluation.

Scale	Scale min – max*
A	23.299 – 24.849
B	23.690 – 28.185
C	24.235 – 31.968
D	26.035 – 36.268
E	29.524 – 41.140
F	33.839 – 46.654
G	38.013 – 52.936
H	43.150 – 60.056
I	48.958 – 68.139
J	55.519 – 77.297
K	62.960 – 87.697

\* Based on 36 hour working week. Reference date December 1st 2011.

##### Periodical raise

The periodical raises will be distributed on an annual basis on the first of January, provided that the employee had a working agreement with the employer before the first of September of the preceding year. The amount of the periodical raise depends on the evaluation and the salary scale in which the employee is categorized.

##### Promotion

In case of promotion (appointment to another, more intense function, which is also categorized in a higher salary scale) the employee will receive a periodical raise which fits the evaluation 'All agreements exceed' and fits the salary scale in which the employee was categorized before the promotion. This periodical raise is also called, promotion periodical. This promotion periodical is awarded as long as the maximum salary in the salary scale in which the employee is categorized after promotion, is not exceeded.

## Variable reward

### Frame arrangement variable salary Art 7.10 CLA

In 2011, Achmea has taken out a new Achmea CLA with the trade-associations. This CLA has a run-time from the 1st of June 2011 until the 1st of June 2012. The agreement with the trade-associations regarding the adjustment of the frame arrangement variable salary (article 7.10 of the CLA), is part of the CLA 2011-2012. The frame arrangement variable salary has been aligned to the identity of Achmea and the demands of corporate governance in the new CLA. Taking into account the established frames in the CLA, the management of divisions/sections can make further agreements with the employee representation about the setup, content, and/or application of the arrangements variable salary in that division/section. The establishment of the percentage distributable variable salary is depending on the realized results in the following way, and through that, enables a translation of the Achmea stakeholdermodel:

1. The results of Achmea (20%);
2. The results of the division (40%);
3. The achieved results of the individual targets (40%).

### Description existing decentral variable compensation arrangements division within CAO frame

The current arrangements variable salary of divisions are based on the frame arrangement of previous CAOs.

The existing decentral arrangements variable salary contain the following elements:

#### Eligibility

It is described in which categories employees, based on function, are eligible for the variable reward.

#### Amount

In the arrangements the maximally realizable variable salary as a percentage of the annual salary has been included, as defined in the CLA.

#### Awarding

In the arrangements is included that the variable salary is based on annual agreements which have been documented in advance. These agreements have to be formulated SMART. In the arrangements it is further specified in which way the result agreements which are established in advance correspond to a number of issues which are established in advance as well. The achieved number of issues determines the amount of the percentage of the variable reward; the target realization is based on a scale.

For the variable rewards which have been awarded to the CLA-personnel, an annual test is conducted by P&O. For rewards > 10.000 EUR, it is determined if the regulations have been met and the acknowledgment of the reward has been approved by authorized management and, if applicable, the Executive Board, through a observations, using a detecting test.

#### Risk takers

Among the CLA personnel there are a limited amount of risk takers. For these risk takers, additional conditions apply as defined in the Regulation Controlled Reward policy. This has been already established in generally within the CLA Achmea.

As far as required, further adjustments in the CLA are discussed with the CLA partners. It concerns a among other things a materialization for the claw back regulation. This does not apply before 2012.

## 3.6 Remuneration policy (top frame) foreign Achmea subsidiaries ('OpCo's)

### General

The remuneration policy of the OpCo's flows forth from the established remuneration policy of Achmea, which is documented in the vision document of Achmea related to rewards, see chapter 1 Vision and principles Achmea Remuneration Policy.

The governance of the remuneration policy of the top frame of the OpCo's is also documented as a part of the 'European Governance Guide'.

Below further elaborations will be made about how the alignment of the OpCo's to the remuneration policy of Achmea is formed.

In chapter 2 it is also stipulated how the governance of the remuneration policy occurs in relation to foreign subsidiaries.

### Fixed reward

Recently the rewards of the members of the Executive Teams of all OpCo's have been evaluated.

Prior to this reward evaluation direct positions have been categorized in a function evaluation systematic which is comparable to the systematic which Achmea uses and which can be compared to the function appreciation of the market based on the Haymethod.

### Variable Reward

Based on the Executive Board approved business plans the targets are included which the board members of the OpCo should realize for the coming year. In this way it is secured that the targets which are agreed upon in advance match the identity of Achmea and the goals of the OpCo which are based upon that identity. Prior to defining these targets, Risk Management defines (Ex-ante) target criteria which ensure that the formulated targets are in line with the risk appetite of Achmea.

The budget contracts consist of three parts, in which each part contributes for a preset percentage to the amount of the total variable reward:

1. The results of Achmea (30%);
2. The results of the OpCo (30%);
3. The achieved results of the individual targets (40%).

Also for OpCo's a translation is made of the Achmea stakeholders model (strategic map).

### Variable reward Executive teams: awarding

In the beginning of the year, when the results of the past year are known, budget contracts are evaluated by the OpCo's.

Prior to awarding the variable reward over the target year an ex-post test by the involved control functions on group- and OpCo targets is executed.

The maximum distributable percentage variable reward differs for each OpCo, for each country the local reward benchmark is taken into account. The Executive Board of Achmea determines the variable reward and is authorized to negatively adjust the variable reward or to refrain from awarding said reward.

On the determination of the variable reward over 2011, in principle € 0,-, has to be final decided, based on possible local civil law barriers.

### **Variable reward, utilized way of distribution until 2011**

Payment of the variable reward occurs in the year of awarding. Until the awarding of the variable reward over the year 2010 and as far as this reward was actually awarded, the variable reward was paid in the form of a financial benefit, direct in cash.

### **Variable reward equalized starting the performance evaluation for risk takers over 2011**

Related to the performance criteria ('targets') which have been agreed upon in 2011, the variable reward for risk takers abroad is awarded and paid in a way which is completely in accordance with the Regeling Beheerst Beloningsbeleid and the specification of said policy in the Achmea Remuneration Policy. This means that the guidelines for risk takers (among which the members of Executive teams, the so-called Top Position Holders), are identical to the variable reward guidelines of the Executive board and the Dutch division presidents and members of the direction board, unless local law legislations prevent this.

### **Established exceptions**

In 2011 a number of OpCo's awarded a variable reward which is higher than 100% of the fixed salary. These are commercial employees with a relatively low fixed reward, in which the variable component is high compared to the fixed reward. This mainly concerns employees of entities with a SCR < 1% (Solvency Capital Requirement). These functions are not material for the risk profile of Eureko, which causes these employees to not be identified as risk taker. In establishing the Achmea Remuneration policy, the policy has been adjusted in the meantime.

# 4. Overview 2011

## 4.1 Overview for each company part

From the perspective of transparency and legal publication requirements this chapter provides an overview of the sum of fixed incomes for each company part. Furthermore, a distinction is made between risk takers and non-risk takers in the tables below. Risk Takers are the employees of Achmea which can have a tangible positive influence on the risk profile of Achmea based on their position. Among other positions, all members of the Executive board, Division Presidents and a large part of the Directors / Senior Managers of the control functions, are defined as Risk Taker. Next to this, we will also provide an overview of the amount of the variable rewards. Conclusively we will indicate how many people this concerns.

For the elaboration on the quantitative information in accordance with Wft, article 25 f, the distinction presented below is applied:

- Executive board
- Achmea Insurance entities (The Netherlands)
- Achmea Other (a.o. Holding)
- Achmea Health & Health Care
- Achmea Banking Companies
- Achmea International (incl. OpCo's)

### Achmea Executive board

	Executive board
Total fixed income*	€ 3.400.000,- (5 people)
Total variable reward granted over 2009	€ 400.000,- (5 people)
Total variable reward granted over 2010	€ 1.200.000,- (5 people)
Variable reward over 2011	€ 0,-

\* Measurement date is 31/12/2011.

The above table includes the amounts which were paid in 2011. The payment of the Executive board, including the conditional variable reward is also noted in the Achmea annual report.

At the last day of 2011 there are still non-distributed conditionally awarded variable rewards over the calendar years 2009 and 2010. The processing of this variable reward will occur based on the remuneration policy which was active during said years.

For the calendar year 2009 this consists of € 800.000,- (for 5 people), out of which 50% can be distributed in 2012 and 50% in 2013. For the calendar year 2010 this consists of € 1.200.000,- (for 5 people), which can be distributed in three equal parts in 2012, 2013 and 2014. Prior to a potential distribution over the years 2009 and 2010 a test in accordance to the Achmea Remuneration Policy will be conducted on an annual basis.

Based on the group result, no variable reward will be granted over 2011 to groups above CAO, Top Position Holders for the OpCo's and so-called Risk Takers.



## Achmea Insurance Entities (The Netherlands)

	Direction & senior management being risk taker	Senior management <i>not</i> being Risk takers
Fixed income*	€ 11.070.184,- (64 people)	€ 13.888.515,- (108 people)
Variable reward granted over 2009	€ 515.486,- (53 people)	€ 684.010,- (91 people)
Variable reward granted over 2010	€ 1.522.546,- (58 people)	€ 1.754.417,- (102 people)
Variable reward over 2011	€ 0,-	€ 0,-

\* Measurement date is 31/12/2011.

The table above shows the amounts paid in 2011. Among the Dutch Insurance Entities are included: Division Direct Distribution, Division Intermediary Distribution, Division Syntus, Division Pension Insurances & Division Social Security. This distinction still is the distinction which applied in 2011.

The number of people for each year differs, as a result of changes in the personnel file. Next to that, only people who have earned the right to the conditionally awarded variable reward over the years are included for the variable reward parts.

The distributed conditionally awarded variable reward in 2011 is based on annual goals which are agreed upon in advance and is divided over the perspectives financial, customer and employee.

At the last day of 2011 there are still non-distributed conditionally awarded variable rewards over the calendar years 2009 and 2010. The processing of this variable reward will occur based on the remuneration policy which was active during said years.

For the calendar year 2009 this concerns € 1.974.066,- (for 151 people), out of which 50% can be distributed in 2012 and 50% in 2013. For the calendar year 2010 this concerns € 3.050.084,- (for 154 people), which can be paid in three equal shares in 2012, 2013 and 2014. Prior to a potential distribution over the years 2009 and 2010, a sustainability test will be conducted in which the sustainability of the performance over 2009 and 2010 is tested, in accordance with the Achmea Remuneration Policy.

## Achmea Care & Health Care

Achmea Health Insurances NV	Direction & senior management being risk taker	Senior management <i>not</i> being Risk takers
Fixed income*	€ 3.387.419,- (21 people)	€ 5.209.098,- (42 people)
Variable reward granted over 2009	€ 111.093,- (13 people)	€ 121.797,- (22 people)
Variable reward granted over 2010	€ 466.359,- (18 people)	€ 809.738,- (42 people)
Variable reward over 2011	€ 0,-	€ 0,-

Amounts are incl AGIS.

\* Measurement date is 31/12/2011.

The table above shows the amounts paid in 2011. The number of people for each year differs, as a result of changes in the personnel file. Next to that, only people who have earned the right to the conditionally awarded variable reward over the years are included for the variable reward parts.

The distributed conditionally awarded variable reward in 2011 is based on annual goals which are agreed upon in advance and is divided over the perspectives financial, customer and employee.

At the last day of 2011 there are still non-distributed conditionally awarded variable rewards over the calendar years 2009 and 2010. The processing of this variable reward will occur based on the remuneration policy which was active during said years.

For the calendar year 2009 this concerns € 486.130,- (for 39 people), out of which 50% can be distributed in 2012 and 50% in 2013. For the calendar year 2010 this concerns € 1.036.548,- (for approximately 52 people), which can be paid in three equal shares in 2012, 2013 and 2014. Prior to a potential distribution over the years 2009 and 2010, a sustainability test will be conducted in which the sustainability of the performance over 2009 and 2010 is tested, in accordance with the Achmea Remuneration Policy.

### Achmea Banking Companies

Achmea Bank & Staal Bankiers	Direction & senior management being risk taker	Senior management <i>not</i> being Risk takers
Fixed income*	€ 1.411.417,- (8 people)	€ 101.722,- (1 people)
Variable reward Granted over 2009	€ 26.938,- (3 people)	€ 25.723,- (2 people)
Variable reward granted over 2010	€ 62.057,- (3 people)	€ 25.275,- (1 people)
Variable reward 2011	€ 0,-	€ 0,-

\* Measurement date is 31/12/2011.

The table above shows the amounts paid in 2011. The number of people for each year differs, as a result of changes in the personnel file. Next to that, only people who have earned the right to the conditionally awarded variable reward over the years are included for the variable reward parts.

The distributed conditionally awarded variable reward in 2011 is based on annual goals which are agreed upon in advance and is divided over the perspectives financial, customer and employee.

At the last day of 2011 there are still non-distributed conditionally awarded variable rewards over the calendar years 2009 and 2010. The processing of this variable reward will occur based on the remuneration policy which was active during said years.

For the calendar year 2009 this concerns € 65.474,- (for 5 people), out of which 50% can be distributed in 2012 and 50% in 2013. For the calendar year 2010 this concerns the round-up sum of € 66.257,- (for 3 people), which can be paid in three equal shares in 2012, 2013 and 2014. Prior to a potential distribution over the years 2009 and 2010, a sustainability test will be conducted in which the sustainability of the performance over 2009 and 2010 is tested, in accordance with the Achmea Remuneration Policy.

### Achmea Other (incl Holding)

Achmea Other	Direction & senior management being risk taker	Senior management <i>not</i> being Risk takers
Fixed income*	€ 8.606.370,- (53 people)	€ 13.063.268,- (92 people)
Variable reward granted over 2009	€ 303.024,- (41 people)	€ 589.109,- (72 people)
Variable reward granted over 2010	€ 1.110.953,- (47 people)	€ 1.892.997,- (86 people)
Variable reward over 2011	€ 0,-	€ 0,-

\* Measurement date is 31/12/2011.

The table above shows the amounts paid in 2011. The number of people for each year differs, as a result of changes in the personnel file. Next to that, only people who have earned the right to the conditionally awarded variable reward over the years are included for the variable reward parts.

The distributed conditionally awarded variable reward in 2011 is based on annual goals which are agreed upon in advance and is divided over the perspectives financial, customer and employee.

At the last day of 2011 there are still non-distributed conditionally awarded variable rewards over the calendar years 2009 and 2010. The processing of this variable reward will occur based on the remuneration policy which was active during said years.

For the calendar year 2009 this concerns € 1.369.794,- (for 116 people), out of which 50% can be distributed in 2012 and 50% in 2013. For the calendar year 2010 this concerns € 2.638.139,- (for 126 people), which can be paid in three equal shares in 2012, 2013 and 2014. Prior to a potential distribution over the years 2009 and 2010, a sustainability test will be conducted in which the sustainability of the performance over 2009 and 2010 is tested, in accordance with the Achmea Remuneration Policy.

### Achmea international (incl OpCo's)

Achmea International Incl OpCo's	Direction & senior management	Senior management <i>not</i> being Risk takers
Fixed income*	€ 6.749.160,- (38 people)	€ 1.121.893,- (10 people)
Variable reward granted over 2009	€ 46.849,- (5 people)	€ 23.644,- (6 people)
Variable reward granted over 2010	€ 1.138.751,- (25 people)	€ 109.377,- (9 people)
Variable reward over 2011**	€ 0,-	€ 0,-

\* Measurement date is 31/12/2011.

\*\* The determination of the variable reward over 2011, in principle € 0,-, has to be final decided, based on possible local civil law barriers.

The table above shows the amounts paid in 2011. The parts of 2009 and 2010 do not hold true for the OpCo's, for no deferral was used for these companies in the past.

The number of people for each year differs, as a result of changes in the personnel file. Next to that, only people who have earned the right to the conditionally awarded variable reward over the years are included for the variable reward parts.

The distributed conditionally awarded variable reward in 2011 is based on annual goals which are agreed upon in advance and is divided over the perspectives financial, customer and employee.

At the last day of 2011 there are still non-distributed conditionally awarded variable rewards over the calendar years 2009 and 2010. The processing of this variable reward will occur based on the remuneration policy which was active during said years.

For the calendar year 2009 this concerns a round-up sum of € 148.597,- (for 11 people), out of which 50% can be distributed in 2012 and 50% in 2013. For the calendar year 2010 this concerns € 238.807,- (for 12 people), which can be paid in three equal shares in 2012, 2013 and 2014. Prior to a potential distribution over the years 2009 and 2010, a sustainability test will be conducted in which the sustainability of the performance over 2009 and 2010 is tested, in accordance with the Achmea Remuneration Policy.

### Severance compensations

In 2011 severance compensations have been paid to several employees. These compensations are all established legal declarations. In the table below is presented 1) the amount of people which has received such a compensation, 2) the average sum of the severance compensation and 3) the highest distributed amount.

Number of people	Average payment for retirement	Highest distributed amount*
17	€ 132.257,-	€ 920.000,-

\* This amount has been established based on legal testing and is based on labour legislation.

## 4.2 Termination stock-index option arrangement

In October 2011 employees, including (former & current) members of the Executive board, which were participating to the former stock-index option arrangement have received a personal offer about the pending options over the years 2001-2008. The Supervisory Committee has decided to terminate the pending rights related to the option arrangement. This was decided since the decision that the option arrangement would be terminated had already been made in 2010 because it was not in line with our cooperative identity. The worth of this agreement was externally appreciated. All current and former members of the Executive board have accepted this proposition. For current members of the Executive Board this agreement concerned the period 2001-2008. This has been executed in November 2011, with a total value of € 1 million. For former Executive Board members this concerned an amount of € 2 million.