FitchRatings

Insurance
Composite Insurers
Netherlands

Achmea B.V.

Ratings

Achmea B.V.

Long-Term IDR	A

Subsidiaries

Insurer Financial Strength	A+

Note: See additional ratings on page 9.

Outlooks

Long-Term IDR	Stable
Insurer Financial Strength	Stable

Debt Ratings

Senior Unsecured Long-Term Rating	A-
Junior Subordinated Long-Term Rating	BBB-
Subordinated Long-Term Rating	BBB

Financial Data

Achmea B.V.

(EURm)	31 Dec 22	31 Dec 21
Total assets	80,240	89,566
Total equity	7,761	9,072
Total gross written premiums	21,088	20,026
Net income	105	468
Solvency II (%)	209	214

Note: Reported on a consolidated basis.
Source: Fitch Ratings, Achmea B.V.

Key Rating Drivers

Very Strong Company Profile: Fitch Ratings ranks Achmea's business profile as 'Favourable' compared with other Dutch insurance companies', driven by its favourable competitive positioning and diversification and moderate business risk profile. The company is a health and non-life insurance market leader in the Netherlands with Fitch-estimated market shares of 29% and 25%, respectively. However, its international activities are less than some Dutch peers'.

International business generated 7% of the group's total gross written premiums (GWP) in 2022 (2021: 6%). However, it did not contribute to Achmea’s total operating earnings in 2022, as it reported a small operating loss of EUR8 million. International premiums increased 15%, stronger than the group’s premium income, which rose 5% in 2022.

Very Strong Capitalisation: We regard Achmea's capitalisation as very strong. The company’s Solvency 2 (S2) ratio post-dividend decreased to 209% in 2022 from 214% in 2021 and its Fitch Prism Factor Based Model (Prism FBM) score dropped to the high end of the 'Strong' category from the low end of the ‘Very Strong’ category. The declines were due to a fall in fixed-income investments’ revaluation reserve within shareholder funds. We expect the Prism FBM score to improve to ‘Very Strong’ from ‘Strong’ and the S2 ratio to be maintained at very strong levels.

Very Strong Leverage: Achmea’s financial leverage ratio (FLR) weakened to 24% at end-2022, from 20% at end-2021 after its issue of EUR500 million senior debt. In April 2023, it called EUR500 million Tier 2 subordinated debt and issued EUR300 million Tier 2 debt in June 2023. This means that the FLR is likely to improve at end-2023.

Good Financial Performance: We expect Achmea to improve its profitability due to cost-efficiency programmes, although it will remain under pressure from inherently low margins in Dutch mandatory health insurance. Profitability was constrained by a weak investment result in 2022, driven by rising interest rates. Achmea's net income return on equity (ROE) was 1.2% in 2022, down from 5.2% in 2021. We expect the ROE to recover to more than 3% for 2023.

Achmea’s underwriting profitability is strong, which we expect to be maintained. It reported an improved non-life net combined ratio of 93% for its Dutch business for 2022 (2021: 94%), despite general claims inflation and natural catastrophe activity resulting in additional net claims of EUR100 million.

Very Strong Investment Risk Management: Fitch assesses Achmea's investment-and-asset risk as low and scores it as 'Very Strong'. The company's risky-assets-to-equity ratio stood at a very strong 45% at end-2022 (2021: 37%), with the increase driven by a smaller equity position. Investments mainly consist of investment grade debt securities and a conservative Dutch residential mortgage portfolio.

Applicable Criteria

Insurance Rating Criteria (July 2022)

Related Research

Fitch Rates Achmea’s Proposed Subordinated Tier 2 Bonds ‘BBB’ (June 2023)

Dutch Insurance Dashboard: 2022 Results (May 2023)

Investment Risk: Belgian and Dutch Insurers (March 2023)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

- A net income ROE of at least 7% on a sustained basis combined with a 'Very Strong' Prism FBM score, while maintaining a S2 ratio of at least 200%.

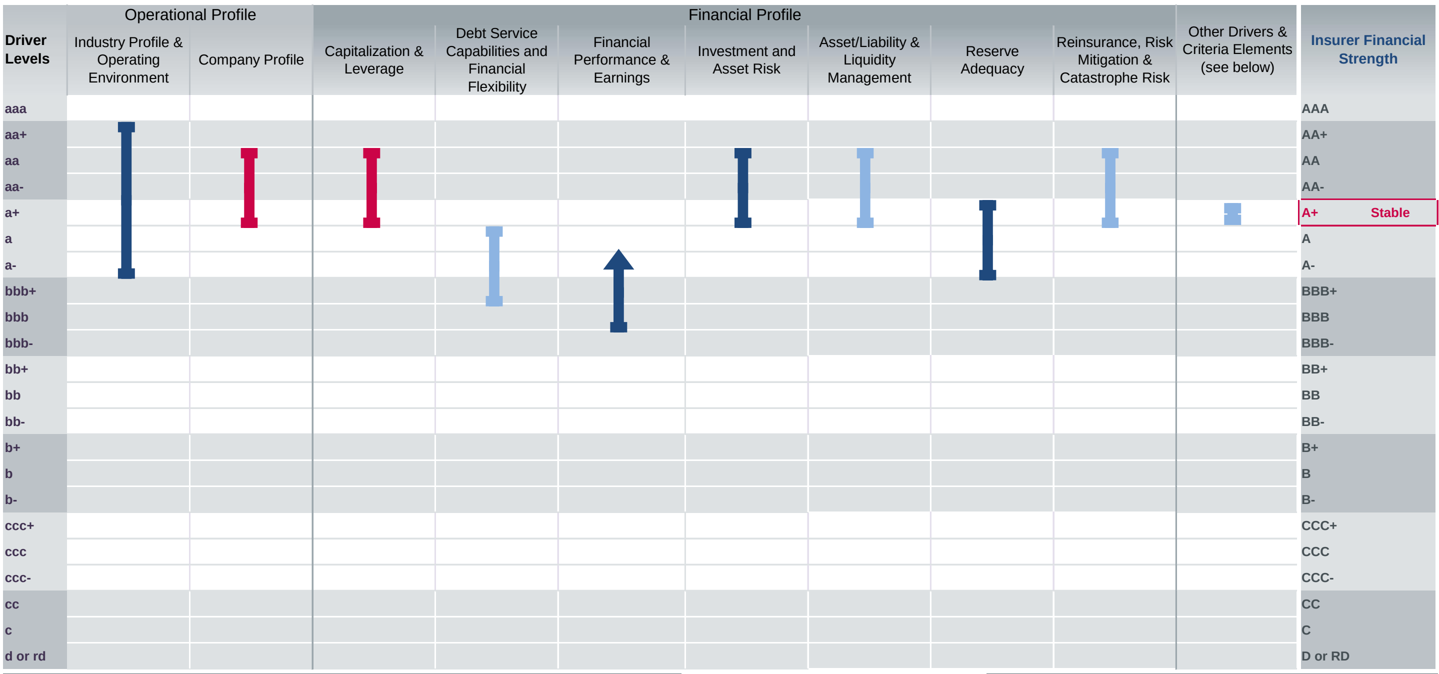
Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- S2 ratio declines to below 160% or Prism FBM score weakens to the lower-end of the 'Strong' category with limited prospects for recovery.
- A net income ROE below 3% on a sustained basis.

Latest Developments

In November 2022, Achmea issued EUR500 million green senior notes in preparation to call its outstanding, grandfathered Tier 2 subordinated debt of the same size with a first call date in April 2023. Consequently, Achmea called the issue in April. In June 2023, Achmea issued EUR300 million of Tier 2 subordinated debt with a first call date in 2033 and maturity in December 2043.

Key Rating Drivers — Scoring Summary



Other Drivers & Criteria Elements				
Provisional Insurer Financial Strength Rating				A+
Non-Insurance Attributes	Positive	**Neutral**	Negative	+0
Ownership / Group Support	Positive	**Neutral**	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	**No**	AAA	+0
Insurer Financial Strength Rating			Final:	**A+**
IFS Recovery Assumption	**Good**			-1
Issuer Default Rating (IDR)			Final:	**A**

Bar Chart Legend:

Vertical Bars = Range of Driver

Bar Colors = Relative Importance
- Higher Influence
- Moderate Influence
- Lower Influence

Bar Arrows = Driver Outlook
- ⇧ Positive
- ⇩ Negative
- ⇳ Evolving
- □ Stable

Company Profile

Very Strong Company Profile

Fitch scores Achmea's company profile at 'aa-' under its driver scoring guidelines. This considers Achmea's business profile score as 'Favourable' and its 'Moderate/Favourable' corporate governance assessment.

Fitch ranks Achmea's business profile as 'favourable' compared to other Dutch insurance companies, driven by its favourable competitive positioning, moderate business risk profile and favourable diversification. Given this ranking, we score the business profile at 'aa-' under our driver scoring guidelines.

Achmea is a leading Dutch insurance and financial services group with activities in health, non-life and life insurance, as well as banking and asset management. Its 'favourable' competitive positioning score reflects its consistent market-leading positions in its main Dutch insurance market subsectors.

Achmea was the largest insurer in the Netherlands by GWP in 2022, driven by its large health insurance franchise, representing a market share of 23%. Achmea is also a health and non-life insurance market leader in the Netherlands, with Fitch-estimated market shares of 29% and 24%, respectively. Achmea Investment Management (Achmea IM), together with Syntrus, had EUR194 billion total assets under management (AUM) at end-2022 (2021: EUR247 billion). Achmea IM is the fourth-largest asset manager in the Netherlands.

Achmea's business risk profile score of 'moderate' mainly reflects its average risk appetite relative to its Dutch peers. The company is exposed to medical expense risk in its health insurance business and to catastrophic events, such as wind- and hail-storms, in the non-life area. Achmea is focusing on establishing a fee-based franchise in life and pensions insurance, along with the broader trend in the Dutch insurance market. The development of the retirement services is at the heart of the group's growth strategy, while the pension and life service book will run-off in a cost-efficient manner.

Achmea's 'favourable' diversification score reflects its composite business profile and geographic focus. Its international activities are limited compared to more diverse Dutch competitors and mainly focus on non-life and health insurance through local brands in Slovakia, Greece, Turkey, Canada and a partnership with Rabobank in Australia. International markets generated 7% of the group's total GWP in 2022 (2021: 6%). Achmea may continue to explore new opportunities in foreign markets, but Fitch does not expect this to affect its business profile score in the short term.

Corporate Governance – 'Moderate/Favourable'

Corporate governance and management are 'Moderate/Favourable', and in line with market standards for developed markets, and, as such, are adequate for and neutral to the ratings.

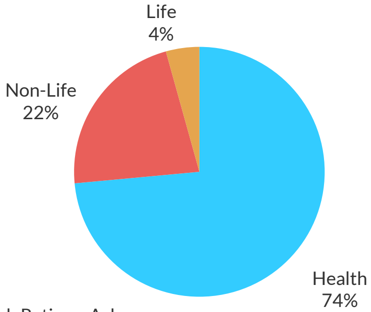
Company Profile Scoring

Business Profile Assessment	aa-
Business Profile Sub-Factor Score	aa-
Corporate Governance Assessment	Favourable/Moderate
Corporate Governance Impact (Notches)	0
Company Profile Factor Score	aa-

Source: Fitch Ratings

GWP by Segment

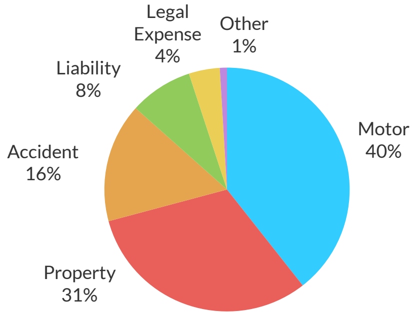
2022



Source: Fitch Ratings, Achmea

Non-Life GWP by Business Line

2022



Source: Fitch Ratings, Achmea

Ownership

Ownership Neutral to the Rating

Achmea's ownership is neutral to its rating. Its largest shareholders are Achmea Association (Vereniging Achmea) and Rabobank, which both have cooperative backgrounds, with the former representing all of Achmea's customers. Mutual ownership tends to offer fewer conflicts of owner and creditor interest but typically has lower financial flexibility than a publicly owned organisation.

Capitalisation and Leverage

Very Strong Capitalisation and Leverage

Achmea maintained its robust capital position in 2022. The group's post-dividend S2 ratio was broadly stable (2022: 209%; 2021: 214%), while its Prism FBM score fell to 'Strong' from 'Very Strong' because Achmea's equity position declined to EUR7.8 billion at end-2022, from EUR9.1 billion at end-2022. Due to this decrease, our financial ratios for capital weakened throughout 2022, too.

Achmea's FLR rose to 24% at end-2022, from 20% at end-2021, due to the change in equity and the issuance of EUR500 million of senior green bonds in November 2022. In April 2023, Achmea called EUR500 million of subordinated debt which was S2 Tier 2 grandfathered. Conversely, Achmea issued EUR300 million of subordinated notes that are expected to qualify for Tier 2 capital under S2 in June. We regard leverage as very strong and expect the FLR to score in the 'aa' category when including the capital actions taken in 2023.

Fitch typically excludes operating debt raised by Achmea's non-insurance operating subsidiaries from the financial leverage calculation but includes it in the total financing and commitments ratio (TFC), a broader measure of external funding. Debt funding used in Achmea's banking operations explains the high TFC ratio relative to the low FLR.

Financial Highlights

(x)	31 Dec 22	31 Dec 21
Group Solvency II ratio (%)	209	214
Net financial leverage (goodwill supported) (%)	24.1	19.7
TFC/equity	1.0	0.8
Net written premiums/equity (Non-Life)	3.1	2.7
Net leverage (Non-Life)	4.9	4.5
Operating leverage (Life)	15.2	13.3

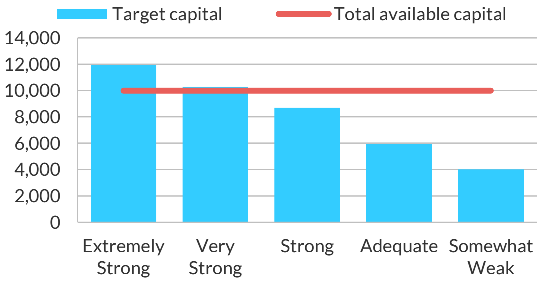
Note: Reported on a consolidated basis.
Source: Fitch Ratings, Achmea B.V.

Fitch's Expectations

- Broadly stable financial leverage and capitalisation because of stable debt and capital.

Capitalisation Adequacy

Prism FBM (EURm)



Source: Fitch Ratings

Financial Highlights

	2022	2021
Prism score	Strong	Very strong
Prism total AC (EURm)	9,985	10,805
Prism AC/TC at prism score (%)	115	106
Prism AC/TC at higher prism score (%)	97	91

AC – Available Capital, TC – Target Capital
Note: Reported on a consolidated basis.
Source: Fitch Ratings, Achmea B.V.

Debt Service Capabilities and Financial Flexibility

Strong Debt Servicing Capabilities and Financial Flexibility

Achmea's debt servicing and financial flexibility is 'Strong', based on a Fitch-calculated, fixed-charge coverage ratio (FCC) of more than 5x prior to 2022 (2021: 6.4x, 2020: 7.4x), continuing market access proven by debt issuance at favourable terms, and robust contingent funding. In 2022, the FCC was a poor 1.6x, as Achmea reported a severe drop in investment income, primarily due to the increase in interest rates. We expect Achmea's bottom line profitability to recover in 2023, from which the FCC will also benefit.

Achmea maintains contingent funding at EUR1 billion with a syndicate of banks. The facility matures in 2026 and was undrawn at end-2022.

There is no refinancing need until at least 2025 (see Debt Maturities table in the appendix).

Financial Highlights

(x)	31 Dec 22	31 Dec 21
Fixed-charge coverage ratio (including gains and losses)	1.6	6.4

Note: Reported on a consolidated basis.
Source: Fitch Ratings, Achmea B.V.

Fitch's Expectations

- FCC to recover to 5x and more because of maintained improved profitability.

Financial Performance and Earnings

Good and Improving Financial Performance

Achmea's financial performance is under pressure from the inherently low margins in Dutch mandatory health insurance because it adds more than 50% to Achmea's premium income. We believe that the net income ROE will remain below 10%, although it has been improving over recent years: it was 6.1% on average between 2019 and 2021, up from 0.6% for 2016–2018. Achmea's profitability will improve over the medium term, driven by its cost-efficiency programme, Fitch says.

However, Achmea reported a very low ROE of 1.2% and operating earnings of EUR174 million (2021: EUR585 million) for 2022. This was due to a EUR453 million fall in investment income in 2022, to EUR691 million from EUR1,144 million. The decline was caused by weaker realised gains and losses, for which the decrease was split between asset classes as follows: equity and equity-related instruments EUR159 million lower, non-life fixed-income investments EUR144 million lower, and real estate EUR112 million lower.

We expect that Achmea's investment income will recover and operating earnings will improve greatly in 2023, and that its ROE will recover to more than 5% in 2024.

We believe that Achmea's operating earnings in non-health have improved gradually over recent years, supported by cost savings and premium increases in non-life. This is reflected in an improvement in the Fitch-calculated net combined ratio, which was 98.4% for 2022 (2021: 99.6%), as well as in Achmea's reported combined ratio for Dutch non-life business of 93.0% (2021: 93.9%).

We expect this improvement to become sustainable while the health subsector's profitability will remain low, due to the high level of competition in the mandatory health insurance market. However, the market's capital resources have declined over recent years, and improving underwriting discipline in terms of pricing for mandatory health cover has become more likely. This may result in a small improvement of the health subsector's profitability.

Achmea's health book is the largest in the Dutch market and supports its expense base, driven by economies of scale. We believe that the company is one of the most resilient health insurers in the Dutch market. The size of the health subsector is also supportive for the expense base of Achmea's other Dutch insurance areas.

Financial Highlights

(%)	31 Dec 22	31 Dec 21
Net income return on equity	1.2	5.2
Net income (EURm)	105	468
Pre-tax income (EURm)	145	585
Net combined ratio		
Fitch-calculated (including health)	98.4	99.6
Reported non-life Netherlands	93.0	93.9
Reported basic health	99.7	101.4
Reported supplementary health	89.0	89.2
Operating ratio	94.5	95.3

Note: Reported on a consolidated basis.
Source: Fitch Ratings, Achmea B.V.

Fitch's Expectations

- Sustained net ROE higher than 5%, driven by sustained improvements in cost discipline.

Investment and Asset Risk

Low Investment Risk

Fitch assesses Achmea's investment and asset risk as low and scores the credit factor as 'Very Strong'. This view is also reflected in the company's very strong risky assets ratio of 45% at end-2022 (2021: 37%). Achmea's equity position declined by 13%, weakening the risky assets ratio.

Investments mainly consist of investment grade debt securities and a conservative Dutch residential mortgage portfolio, which account for 79% of general account investments.

Fitch views Achmea's EUR20 billion (including Achmea Bank) Dutch residential mortgage portfolio as low risk, given low historic delinquency rates and a conservative average loan-to-value ratio in Fitch's view. About 38% (EUR7.4 billion) of the mortgage portfolio is backed by government guarantees, provided through the Stichting Waarborgfonds Eigen Woningen. The Netherlands' IDR is 'AAA'/Stable. The government guarantee further reduces credit risk in the portfolio.

Achmea gradually increased its credit risk by shifting to higher-yielding, fixed-income assets to improve investment returns in 2022. While this may add risk and lower the average rating of the bond portfolio, it is unlikely to affect our assessment of the company's investment and asset risk because the overall credit quality remains strong. At end-2022, 24% of the fixed income investments were rated 'AAA' (2021: 32%), 16% 'AA' (2021: 16%), 29% 'A' (2021: 22%), 27% 'BBB' (2021: 28%), and only 4% were non-investment grade (2021: 2%).

We believe that a big decrease in credit quality driven by reinvestments has become unlikely because of the continued improved interest rate level in 2023. However, credit quality could be negatively affected by ratings migration pending further developments in 2023.

Financial Highlights

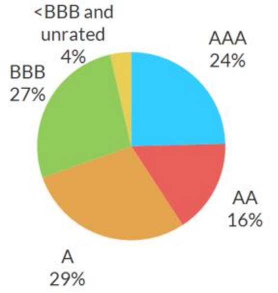
(%)	31 Dec 22	31 Dec 21
Risky assets/capital	45	37
Unaffiliated shares/capital	34	29
Non-investment grade bonds/capital	10	8
Investments in affiliates/capital	1	1

Note: Reported on a consolidated basis.
Source: Fitch Ratings, Achmea B.V.

Fitch's Expectations

- Risky asset ratio to be broadly stable as company's investment strategy remains stable.

Fixed Income Investments
by ratings, end-2022



excluding mortgages
Source: Fitch Ratings, Achmea

Asset/Liability and Liquidity Management

Effective Interest Rate Hedging; Adequate Liquidity

Fitch assesses Achmea's asset/liability and liquidity management as 'Very Strong'. This is based on the insurer's sophisticated and comprehensive risk-management framework and prudent investment policy. Achmea uses cash flow matching, duration matching and derivatives-based hedging to manage risks in insurance portfolios.

Interest rate risk arising from the duration mismatch of assets and liabilities is minimised through close cash flow matching and an interest rate hedging programme for the Dutch life and pensions businesses. The aim of the programme is to minimise the S2 volatility of the Dutch business, while the interest rate risk management of other entities is based on their respective economic positions. The interest rate sensitivity of Achmea's regulatory solvency (to both parallel and non-parallel shocks) was small at end-2022.

Interest rate risk on an economic basis is higher due to the application of the ultimate forward rate. However, the reduction of the ultimate forward rate to 3.45% in 2022 was only moderately negative for Achmea's S2 ratio, and likely to be more than offset by other positive items. Products with interest rate or performance guarantees are in runoff and, therefore, risks associated with these products will gradually decline.

Financial Highlights

	31 Dec 22	31 Dec 21
Liquid assets to policyholder liabilities (life)	61	61
Liquid assets to loss and loss adjustment expense reserves (non-life)	126	127

Note: Reported on a consolidated basis.
Source: Fitch Ratings, Achmea B.V.

Fitch's Expectations

- Asset liability and liquidity management metrics to remain in line with a 'Very Strong' assessment because cash flow matching will be maintained.

Reserve Adequacy

Favourable Long-Term Reserve Development

Achmea's 'Strong' reserving score reflects overall favourable runoff experience and the absence of material past reserve shortfalls.

The rise in the company's non-life and health reserve exceeded premium growth for the first time, after five years of reserve growth below premium increases. However, this improvement was partially at the expense of a reserve strengthening in 2021. Based on triangle data provided in the annual report, Achmea's reserve development improved to earnings of EUR742 million in 2022, from a loss of EUR160 million in 2021.

Achmea improved its reserve levels during its solid year of non-life underwriting in 2021; the increasing frequency and severity of bodily injury claims result in additional recurring provisioning need in this subsector. The trend of increasing bodily injury claims is market specific to the Netherlands and has affected most insurers operating in the market.

Financial Highlights

(%)	31 Dec 22	31 Dec 21
Reserve development/prior year capital	-7.5	2.5
Reserve development/prior year loss reserve	-10.9	3.8
Loss reserves/equity (x; non-life and health)	1.6	1.5
Change in the ratio of loss reserves to earned premiums (non-life and health)	-6.2	7.0

Note: Reported on a consolidated basis.
Source: Fitch Ratings, Achmea B.V.

Fitch's Expectations

- No large reserve adjustments needed.

Reinsurance, Risk Mitigation and Catastrophe Risk

Adequate Reinsurance Protection Limits Catastrophe Risk

Fitch scores Achmea's reinsurance, risk management and catastrophe risk as 'Strong' based on the strong risk-management framework, robust reinsurance protection and the strong credit quality of reinsurance counterparts.

Achmea's risk management framework is adapted for S2 and its risk appetite is set to ensure sufficient group capitalisation under severe stress events. Fitch believes Achmea's risk management framework is robust and adequate, underpinned by frequent monitoring of risk exposures and the effectiveness of risk mitigating tools with emphasis on interest rate risk, longevity risk and cybersecurity.

Achmea runs a sophisticated reinsurance programme, mainly through its internal reinsurer, Achmea Re, to limit non-life earnings volatility. Achmea Re further cedes risks that exceed its limits to the open market. Reinsurers on the reinsurance panel are rated a minimum 'A-' for short-tail contracts, 'A' or higher for collateralised long-tail contracts and 'A+' or higher for uncollateralised long-tail contracts.

The parameters of the reinsurance programme are continuously optimised. Reinsurance protection performed well in past catastrophic events, very much reducing Achmea's net loss exposure. Achmea is exposed to catastrophe risks, mainly through its property and motor hull lines. The dominant perils are wind and hail in the Netherlands and earthquakes in Greece and Turkey. The company's strong reinsurance protection is also reflected in the low net claims arising from the earthquake in Turkey in February which will not be material in financial terms for Achmea.

Financial Highlights

(%)	31 Dec 22	31 Dec 21
Reinsurance recoverables/non-life capital	11.8	9.5
Net written premiums/gross written premiums	97.9	98.1
Reinsurers' share of earned premiums	2.1	1.9

Note: Reported on a consolidated basis.
Source: Fitch Ratings, Achmea B.V.

Fitch's Expectations

- Reinsurance protection to remain adequate for the group's business needs.

Appendix A: Peer Analysis

Peer Comparison

Click here for a report that shows a comparative peer analysis of key rating driver scoring.

Appendix B: Industry Profile and Operating Environment

Industry Profile and Operating Environment (IPOE)

Click here for a link to a report that summarizes the main factors driving the above IPOE score.

Appendix C: Other Rating Considerations

Below is a summary of additional ratings considerations that are part of Fitch's Insurance Rating Criteria.

Group Insurance Financial Strength (IFS) Rating Approach

Fitch views the group's Dutch life (Achmea Pensioen-en Levensverzekeringen N.V.), health (Achmea Zorgverzekeringen N.V.), and non-life (Achmea Schadeverzekeringen N.V.) insurance subsidiaries as 'Core' to the group due to their strategic importance to the organisation, high degree of integration and common branding with the group. The IFS ratings of Achmea's insurance operating subsidiaries are therefore based on a group rating approach.

Name	Type	Rating	Outlook
Achmea B.V.	Issuer Default Rating	A	Stable
Achmea Pensioen- en Levensverzekeringen N.V.	Insurer Financial Strength	A+	Stable
Achmea Zorgverzekeringen N.V.	Insurer Financial Strength	A+	Stable
Achmea Schadeverzekeringen N.V.	Insurer Financial Strength	A+	Stable

Source: Fitch Ratings

Notching

For notching purposes, the regulatory environment of the Netherlands is assessed by Fitch as being 'Effective' and classified as following a Group Solvency approach.

Notching Summary

IFS Ratings
A baseline recovery assumption of 'Good' applies to the IFS rating, and standard notching was used from the IFS "anchor" rating to the operating company IDR.
Operating Company Debt
Not applicable.
Holding Company IDR
Standard notching was applied between the insurance operating company and holding company IDRs for a group solvency regulatory environment.
Holding Company Debt
A baseline recovery assumption of 'Below Average' was applied to Achmea B.V.'s senior debt securities. Standard notching relative to the IDR was used.
Hybrids
For Achmea B.V.'s subordinated notes, a baseline recovery assumption of 'Poor' and a non-performance risk of 'Moderate' were used. Notching of minus three was applied relative to Achmea B.V.'s IDR, which was based on minus two notches for recovery and minus one notch for non-performance risk. For the subordinated Restricted Tier 1 notes issued by Achmea B.V., a baseline recovery assumption of "Poor" and a non-performance risk assessment of "Moderate" were used. Notching of four notches was applied relative to Achmea B.V.'s IDR, which was based on two notches for recovery and two notches for non-performance risk.

IFS – Insurer Financial Strength. IDR – Issuer Default Rating.
Source: Fitch Ratings

Debt Maturities

(EURm)		
As of end-June 2023	**First call date**	**Maturity**
2025	750	500
2027	-	750
2029	750	-
Later (including perpetual for maturity)	300	2,067
Total	**1,800**	**3,317**

Source: Fitch Ratings, Achmea B.V.

Short-Term Ratings

Not applicable.

Hybrids Treatment

Hybrid	Amount (EURm)	CAR Fitch (%)	CAR regulatory override (%)	FLR debt (%)
Achmea B.V.				
4.625% Restricted Tier 1 perpetual callable 2029	500	100	n.a.	0
5.5% preferred shares (S2 grandfathered)	267	0	100	50
4.25% Tier 2 perpetual callable 2025 (S2 grandfathered)	750	0	100	100
6.625% Tier 2 subordinated debt (2033/2043)	300	0	100	100
2.5% Tier 2 subordinated debt (2029/2039)	250	0	100	100

CAR — Capitalisation ratio: FLR — Financial leverage ratio. N.A. — Not applicable
For CAR, % shows portion of hybrid value included as available capital, both before (Fitch %) and the regulatory override. For FLR, % shows portion of hybrid value included as debt in numerator of leverage ratio
Source: Fitch Ratings

Recovery Analysis and Recovery Ratings

Not applicable.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

Appendix D: Environmental, Social and Governance Considerations

FitchRatings **Achmea B.V.** Insurance Navigator EMEA Composite

Credit-Relevant ESG Derivation

Achmea B.V. has 7 ESG potential rating drivers

- Achmea B.V. has exposure to underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations but this has very low impact on the rating.
- Achmea B.V. has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk but this has very low impact on the rating.
- Achmea B.V. has exposure to social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	7	issues	3
not a rating driver	2	issues	2
	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	2	Underwriting/reserving exposed to asbestos/hazardous materials risks	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk	2
Exposure to Environmental Impacts	3	Underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk; Investment & Asset Risk	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk	Industry Profile & Operating Environment; Company Profile; Reserve Adequacy	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations	Company Profile; Investment & Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Company Profile	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Company Profile	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile; Ownership	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Company Profile	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

ESG Considerations

The highest level of ESG credit relevance, if present, is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or to the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit http://www.fitchratings.com/esg.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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