FitchRatings

Insurance
Composite Insurers
Netherlands

Achmea B.V.

Key Rating Drivers

Very Strong Company Profile: Fitch Ratings ranks Achmea B.V.'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 but its international activities are less extensive than some Dutch peers.

The international business generated 8% of the group's total gross written premiums (GWP) in 2023 (2022: 7%) and its contribution to group operating earnings remained marginal (EUR6 million). International premiums increased by 21%, stronger than the group's premium income, which rose 6% in 2023.

Very Strong Capitalisation: We regard Achmea's capitalisation as very strong. The company's Solvency II (S2) ratio post-dividend decreased to 183% in 2023 from 209% in 2022 due to repurchase of capital instruments, financial market developments (including mortgage spread widening) and model changes. Its Fitch Prism Global score remained in the 'Strong' category at end-2023.

Moderate Leverage: Achmea's financial leverage ratio (FLR) improved to 22% at end-2023 from 24% at end-2022 because the company called EUR500 million Tier 2 subordinated debt and only issued EUR300 million. In 2024, Achmea issued EUR750 million Tier 2 subordinated debt and tendered EUR357 million of its perpetual EUR750 million callable in February 2025. Despite this, we expect the FLR to be very strong and broadly stable at end-2024.

Strong Financial Performance: The insurer's underwriting profitability is strong, which we expect it to maintain. It reported a stable non-life net combined ratio of 94% for its Dutch non-life business for 2023. We expect the net combined ratio to be stable in 2024, as long as catastrophe experience remains normal. Achmea's reported operational result increased to EUR628 million in 2023 from EUR519 million in 2022 by about 20% driven by premium growth and further investments in digitalisation.

Volatile Net Income: Achmea's net income return on equity (ROE) was 10.8% in 2023, up from a negative 10.4% in 2022. We expect the ROE to decrease, but to be at least 5% in 2024, driven by declined investment income. However, the company's almost pure fair value through profit and loss accounting leads to high volatility in results and makes predictions vulnerable.

Very Strong Investment Risk Management: Fitch assesses Achmea's investment-and-asset risk as low and scores it as 'Very Strong'. Its risky-assets/equity ratio was a very strong and stable 53% at end-2023 (end-2022: 50%). Investments mainly consist of investment-grade debt securities and a conservative Dutch residential mortgage portfolio.

Ratings

Achmea B.V.

Long-Term IDR	A
Subsidiaries	
Insurer Financial Strength	A+

Note: See additional ratings on page 10.

Outlooks

Long-Term IDR	Stable
Insurer Financial Strength	Stable

Debt Ratings

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

Financial Data

Achmea B.V.

(EURm)	End-2023	End-2022
Total assets	77,718	76,735
Total equity[a]	7,730	7,347
Net Insurance Revenue	22,931	21,797
Net income	814	-808
Solvency II (%)	183	209

[a] Excludes perpetual debt instruments.
Note: Reported on a consolidated basis.
Source: Fitch Ratings, Achmea B.V.

Applicable Criteria

Insurance Rating Criteria (March 2024)

Related Research

Fitch Rates Achmea's Proposed Subordinated Tier 2 Notes 'BBB' (April 2024)

Dutch Insurance Dashboard: 2023 Results (April 2024)

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 score, while improving the S2 ratio to at least 200%.

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

- The S2 ratio declines to below 160% or Prism 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 April 2024, Achmea issued EUR750 million of Tier 2 subordinated debt with a first call date in 2034 and maturity in November 2044 while making a tender offer for its EUR750 million perpetual debt issue callable in February 2025. Achmea collected EUR357 million of the issue.

In February 2024, Achmea said it was exploring internal and external options for its life service book on a regular basis. It said it was looking for ways to operate the run-off as efficiently as possible. As the portfolio shrinks, the cost base is to decline at the same pace.

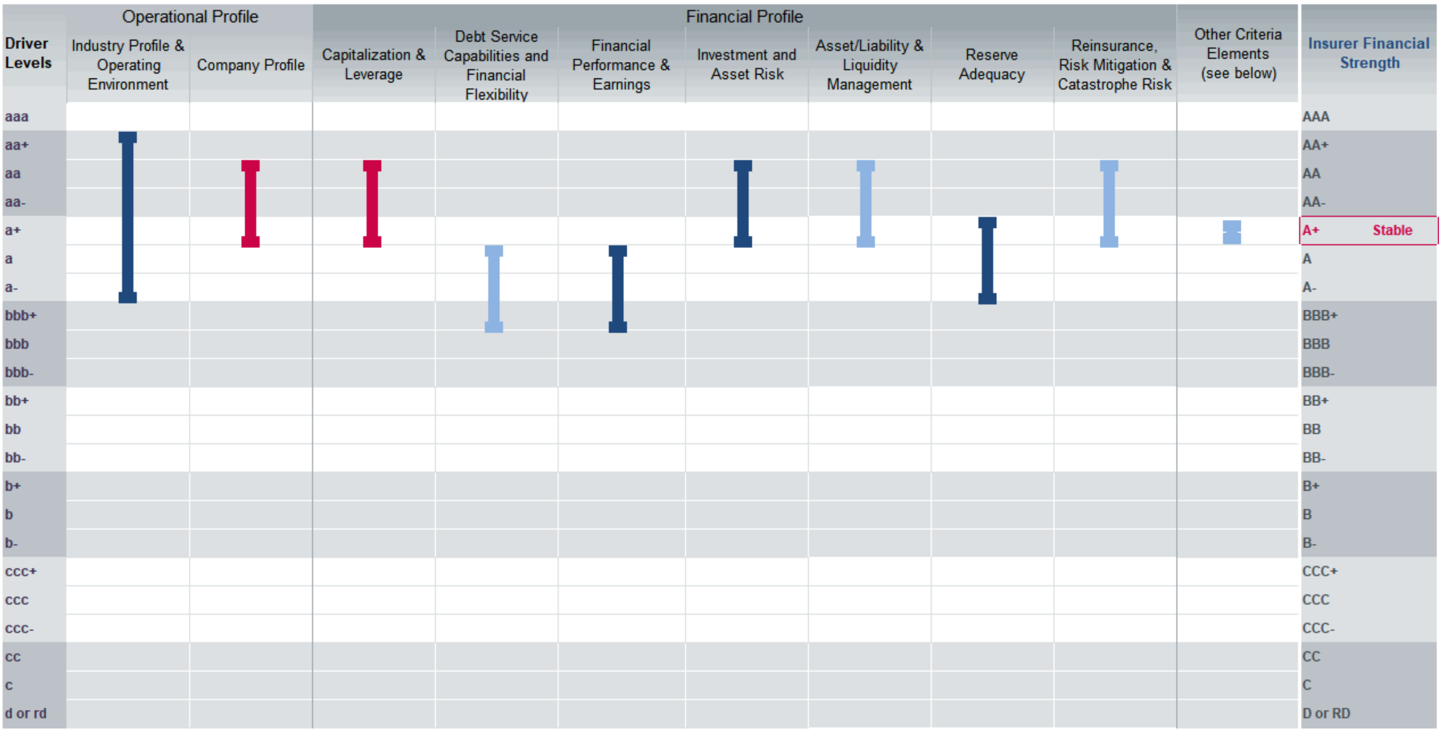
In December 2023, Achmea repurchased all of its outstanding preference shares, which amounted to EUR267 million.

Key Rating Drivers — Scoring Summary

Achmea B.V.

ESG Relevance:

Insurance Navigator
EMEA Composite



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 'Neutral' corporate governance assessment.

We rank 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, Fitch scores the business profile at 'aa-' under its 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 2023, driven by its large health insurance franchise. Achmea is the market leader in both, the health and non-life insurance sectors in the Netherlands, with Fitch-estimated market shares of 30% and 19%, respectively. Achmea Investment Management (Achmea IM), together with Syntrus, had total assets under management of EUR218 billion at end-2023 (end-2022: EUR194 billion). Achmea IM is the fourth-largest asset manager in the Netherlands.

The company's business risk profile score of 'Moderate' mainly reflects its average risk appetite relative to its Dutch peers. It 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 aims to establish 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 are in run-off. Achmea may consider the disposal of the life service book, if disposed, this would not impact our overall company profile assessment for Achmea.

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, Turkiye and a partnership with Rabobank in Australia. International markets generated 8% of the group's total GWP in 2023 (2022: 7%). Achmea may continue to explore new opportunities with a focus on European direct non-life business. Fitch does not expect this to affect its business profile score in the short term.

Corporate Governance – 'Neutral'

Corporate governance and management are 'Neutral' and in line with market standards for developed markets. As such, they are adequate for, and do not affect, the ratings.

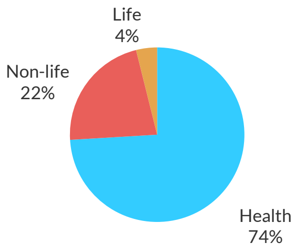
Company Profile Scoring

Business profile assessment	aa-
Business profile sub-factor score	aa-
Corporate governance assessment	Neutral
Corporate governance impact (notches)	0
Company profile factor score	aa-

Source: Fitch Ratings

Premium Income

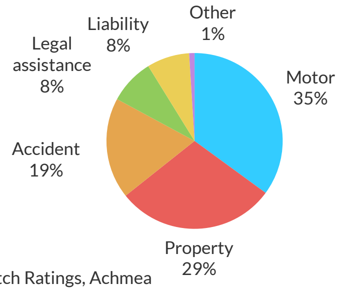
By segment, 2023



Source: Fitch Ratings, Achmea

Dutch Non-Life Premium Income

By business line, 2023



Source: Fitch Ratings, Achmea

Ownership

Ownership Is 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.

Capitalization and Leverage

Very Strong Capitalisation and Leverage

Achmea maintained its robust capital position in 2023. its Prism score was stable at 'Strong' albeit slightly lower in the range. The group's post-dividend S2 ratio fell to 183% in 2023 (2022: 209%) due to capital actions taken in 2023 and the decrease in interest rates.

We score leverage very strong. Achmea's FLR decreased to 22% at end-2023 from 24% at end-2022, due to a decreased debt level: Achmea repurchased all of its outstanding preference shares (EUR267 million) and called EUR500 million of subordinated debt while placing EUR300 million new debt only. In 2024, Achmea issued EUR750 million of subordinated debt, pre-financing its EUR750 million perpetual debt callable in 2025. It tendered EUR367 million of the perpetual instrument concurrently with the new issuance with the remainder expected to be called in 2025. Despite these actions we expect the FLR to be very strong and broadly stable at end-2024.

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)	End-2023	End-2022
Group Solvency II ratio (%)	183	209
Net financial leverage (goodwill supported) (%)	21.8	24.5
TFC/equity	1.0	1.0
Net insurance revenue/equity (non-life)	3.1	3.0
Net leverage (non-life)	4.2	4.2
Operating leverage (life)	12.4	12.4

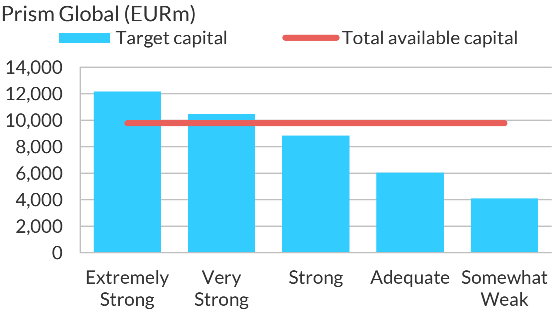
Note: Reported on a consolidated basis.
Source: Fitch Ratings, Achmea B.V.

Fitch's Expectations

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

Capitalisation Adequacy

Prism Global (EURm)



Source: Fitch Ratings

Financial Highlights

	2023	2022
Prism score	Strong	Strong
Prism total AC (EURm)	9,776	9,689
Prism AC/TC at Prism score (%)	110	115
Prism AC/TC at higher Prism score (%)	93	97

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 (FCC) ratio of 4.9x in 2023 (2022: 6.6x), continuing market access proven by debt issuance at favourable terms, and robust contingent funding. Given the early refinancing of EUR750 million debt in 2024, the fixed-charge coverage is likely to decrease to about 4x in 2024. We expect Achmea's FCC to be at least 5x in the medium term.

Achmea maintains contingent funding at EUR1 billion with a syndicate of banks. The facility matures in 2026 and was undrawn at end-2023.

The company has already addressed its refinancing need of EUR1,250 million in 2025 by issuing EUR750 million Tier 2 subordinated debt in April 2024, reducing the outstanding refinancing amount for 2025 to senior debt of EUR500 million (see *Debt Maturities* table).

Financial Highlights

(x)	End-2023	End-2022
Fixed-charge coverage ratio (including gains and losses)	4.9	6.6

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

Fitch's Expectations

- FCC to remain at least 5x due to sustainably improved profitability.

Financial Performance and Earnings

Good and Improving Financial Performance

Fitch expects Achmea's profitability to improve over the medium term, driven by its cost-efficiency programme. Achmea reported an ROE of 10.8% for 2023, up from -10.4% in 2022. We expect the ROE to decrease in 2024 because of declining investment income but we expect it to remain at least 5%. Achmea has chosen to account most investments at fair value through profit and loss, which results in high bottom line volatility.

We believe that Achmea's underlying profitability improved in 2023. This view is supported by Achmea reporting an operational result of EUR628 million, up 21% from EUR519 million in 2022. Excluding the Dutch health insurance, the increase was even stronger at 34%. Achmea's strong operating performance is backed by its large Dutch non-life business. Its Dutch life business also makes a notable contribution to operating income.

We regard Dutch basic health insurance as a drag on Achmea's financial performance. While Dutch basic health insurance is the dominant business line for Achmea (64% of premium income), its contribution to earnings is low (13% of the operating result). We expect basic health to maintain its low profitability because Dutch basic health business is a high volume low margin business which replaced statutory health insurance in 2006. It is mandatory for all employees and companies providing basic health insurance must accept all applicants at the same rate.

There is an equalisation mechanism in place which ensures that insurers receive adequate premiums for the risks they have written. The Dutch government has also proven its willingness to provide additional funds if basic health falls into notable losses, which occurred during the Covid-19 pandemic. Achmea's basic health book is the largest in the Dutch market and supports its expense base, driven by economies of scale. Fitch regards Achmea as one of the most resilient health insurers in the Dutch market.

We regard Achmea's financial performance and earnings in Dutch non-life insurance and supplementary health cover as strong and sustained. Our view is supported by Achmea's reported net combined ratios for the Dutch non-life and supplementary health lines which are below 95%.

Achmea's international activities reported strong growth in recent years at the expense of low profitability. We expect earnings to improve as the business becomes more mature and growth slows down. International activities reported a weakened combined ratio of 101% for health insurance and 107.9% for non-life in 2023 (2022: 97.7% and 97.9%, respectively) while its operating result improved to earnings of EUR6 million from a loss of EUR20 million.

Financial Highlights

(%)	End-2023	End-2022
Net income return on equity	10.8	-10.4
Net income (EURm)	814	-808
Pre-tax income (EURm)	954	-1,055
Net combined ratio		
Fitch-calculated (including health)	98.6	98.1
Reported non-life Netherlands	93.9	94.4
Reported basic health	100.3	99.6
Reported supplementary health	92.8	89.2
Operating ratio	95.3	103.3

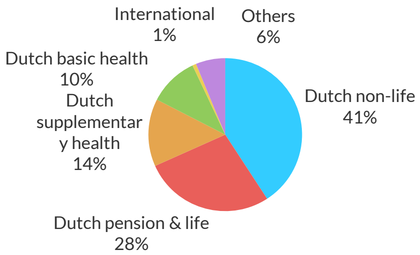
Note: Reported on a consolidated basis.
Source: Fitch Ratings, Achmea B.V.

Fitch's Expectations

- Sustained net ROE higher than 5%, driven by sustained improvements in cost discipline.
- Financial performance driven by Dutch non-life and supplementary health cover.
- Basic health cover supporting scale while earnings contributions remain low.

Operating Result by Business Lines

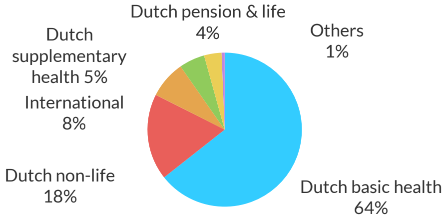
2023



Source: Fitch Ratings, Achmea

Premiums by Business Lines

2023



Source: Fitch Ratings, Achmea

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 53% at end-2023 (end-2022: 50%).

Investments mainly comprise investment-grade debt securities and a conservative Dutch residential mortgage portfolio, which account for 78% of general account investments.

Fitch views Achmea's EUR24 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 41% (EUR9.7 billion) of the mortgage portfolio is backed by government guarantees, provided through the Stichting Waarborgfonds Eigen Woningen. The Netherlands' Issuer Default Rating (IDR) is 'AAA'/Stable. The government guarantee further reduces credit risk in the portfolio.

Achmea reported stable credit risk in 2023. At end-2023, 24% of the fixed income investments were rated 'AAA' (2022: 24%), 17% 'AA' (2022: 16%), 29% 'A' (2022: 29%), 25% 'BBB' (2022: 27%), and only 5% were non-investment grade (2022: 4%).

Financial Highlights

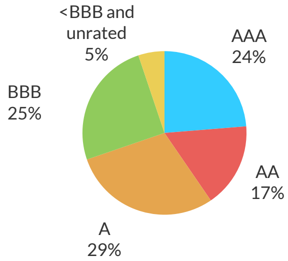
(%)	End-2023	End-2022
Risky-assets/capital	53	50
Unaffiliated shares/capital	27	32
Non-investment grade bonds/capital	25	17
Investments in affiliates/capital	1	1

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

Fitch's Expectations

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

Fixed-Income Rating
2023



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-2023.

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 run-off so risks associated with these products will gradually decline.

Financial Highlights

(%)	End-2023	End-2022
Liquid assets/policyholder liabilities (life)	71	71
Liquid assets/net technical reserves (non-life)	149	149

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. This view is supported by the reserve development in 2023. Based on triangle data provided in the annual report, Achmea had earnings of EUR298 million from the non-life reserve development and EUR33 million from health insurance.

The 7% increase in the company's non-life claims reserve exceeded its premium growth (6%) in 2023, an indicator for improving reserve adequacy. However, the health insurance reported a notable decline in claims reserves. In 2023, much of the arrears incurred with health care providers was cleared, meaning that the reserves held for this have been released. We believe that Achmea's health reserves are strong and reserve adequacy has been stable.

Financial Highlights

(%)	End-2023	End-2022[a]
Reserve development/prior-year capital	-4.9	-7.5
Reserve development/prior-year loss reserve	-3.8	-10.9
Loss reserves/equity (x; non-life and health)	1.2	1.6

[a] Based on IFRS 5.
Note: Reported on a consolidated basis.
Source: Fitch Ratings, Achmea B.V.

Fitch's Expectations

- Achmea to report earnings from reserve development

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 lines. The dominant perils are wind and hail in the Netherlands and earthquakes in Greece and Turkiye. The company's strong reinsurance protection is also reflected in the low net claims arising from the earthquake in Turkiye, the floods and forest fires in Greece in 2023 which did not affect group results.

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 summarises 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, Fitch assesses the Dutch regulatory environment as being 'Effective' and classified as following a Group Solvency approach.

Notching Summary

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's subordinated Tier 2 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'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, a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. Notching of three notches was applied relative to Achmea's IDR, which was based on two notches for recovery and one notch for non-performance risk.

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

Debt Maturities

(EURm)		
As of end-June 2024	**First call date**	**Maturity**
2025	393	500
2027	-	750
2029	750	-
Later (including perpetual for maturity)	1,050	2,183
Total	**2,183**	**3,433**

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
4.25% Tier 2 perpetual callable 2025 (S2 grandfathered)	750	0	100	100
5.625% Tier 2 subordinated debt (2034/2044)	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.
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. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. 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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